

Hogg urged to honour BSE cull

KATHERINE BUTLER
Brussels

Britain can forget about ending the worldwide ban on its beef if it reneges on a deal with its European Union partners to slaughter over 140,000 cows at risk of developing BSE, the farm minister, Douglas Hogg, was warned yesterday.

The rebuff to government plans to abandon the accelerated cattle cull was delivered in strident terms by the Irish EU presidency even before Europe's 15 agriculture ministers sat down to discuss the matter.

After a one-to-one discussion with Mr Hogg, the Irish farm minister, Ivan Yates, who is chairing the two-day meeting, said he had warned Britain against going back on a deal struck in Florence last June which committed it to a sweeping BSE eradication programme in exchange for a step-by-step lifting of the beef export ban.

"The Florence agreement is the only workable solution. To depart from that would only make a bad situation virtually impossible. The accelerated cull is an integral part of what was agreed at Florence. To fail to honour that aspect would be to fail to honour the entire agreement with obvious consequences," Mr Yates said.

Echoing him, the European Commission President, Jacques Santer, said: "We don't need headlines every fortnight. We need to stick to agreements we've already reached."

Armed with a new scientific study showing that BSE will die out by the year 2001 regardless of the slaughter programme, Mr Hogg prepared yesterday to urge colleagues to review their demands. He was careful to avoid framing a clear proposal for a cut in slaughter numbers but told reporters: "There is no cull policy which anybody remotely suggests should be adopted which will substantially speed up the eradication of the disease."

Mr Hogg suggested that other member states were failing to honour their side of the Florence deal - France is restricting the import of British cosmetics, some German states are banning British dairy products and bull semen. A return to the policy of non-cooperation would however be "a last resort" he admitted.

But signs that Britain appears ready to jettison the centerpiece of its BSE eradication strategy on the basis of new forecasts impressed few. Spanish minister Loyola de Palacio said her government wanted Britain to stick to the Florence agreement and to refer any new evidence to EU scientists, while Germany's Franz Josef Feiter warned that the situation in Germany was

"explosive", with demand for beef already down by 40 per cent. Hundreds of German farmers protested in Brussels yesterday as the talks began.

London's pigeon problems come home to roost



NICHOLAS SCHOON
Environment Correspondent

The Government is considering a crack down on the pigeons in Trafalgar Square, on the grounds that their droppings and their sheer numbers despoil one of London's most important public spaces.

A report for ministers from civil servants suggests that the vendor who sells seed for them in the square might have his licence withdrawn. Alternatively, anti-pigeon wire and spikes could be placed on surrounding roosting places: this has already been tried elsewhere in London.

"But ministers might judge we don't need to do anything about the pigeons," said a spokeswoman for the department. "After all, they are part of the square's attraction for many visitors, and the fact that seed is sold there means the birds are in better condition than in some other places."

The report considers the possibility of using a trained hawk to frighten them off, and of shooting and poisoning them. But it points out that the public might be unhappy about a

major cull, and that it would be impossible to eliminate pigeons entirely from the square.

Meanwhile the London Evening Standard, in a public-spirited gesture, has had ten pigeon corpses analysed by a laboratory in Norwich which found they harboured a rich variety of disease-causing organisms, including those which cause food poisoning, thrush and skin lesions.

The laboratory also looked at the contents of the birds' digestive tracts. There they found the remains of Chinese take-away food, bread and a small piece of plastic yellow carton from the McDonald's hamburger chain.

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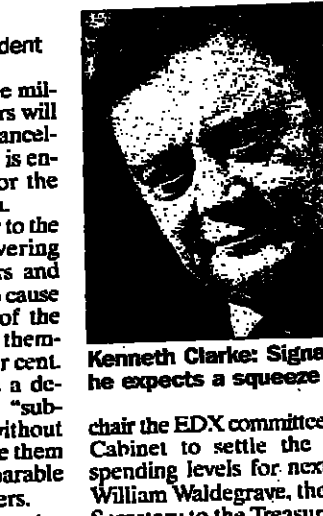
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Driver and Vehicle Licensing Agency

Public sector squeezed again over pay rises

COLIN BROWN
Chief Political Correspondent

Pay review bodies for five million public sector workers will be told today by the Chancellor that the Government is enforcing a pay squeeze for the fourth year in succession.



Kenneth Clarke: Signal that he expects a squeeze

Kenneth Clarke's letter to the pay review bodies covering nurses, doctors, teachers and civil servants is certain to cause an outcry in the wake of the MPs' decision to give themselves a pay rise of 26 per cent.

The nurses will table a demand next week for a "substantial" pay increase, without setting a figure, to enable them to catch up with comparable groups, including teachers.

The main public sector union, Unison, representing 1.5 million workers, rejected the Chancellor's pay freeze strategy. "Yet again the Government expects low-paid public staff to bear the brunt of the cuts to pay for tax cuts in a last attempt to bribe the electorate in November," said a spokeswoman.

The Chancellor will tell the review bodies that pay rises must be paid for with productivity, but he will give a clear signal that he expects the public sector to be squeezed more tightly than before, with running costs facing a cut of 12 per cent over the next three years.

Last year public sector pay rises averaged 3.3 per cent, and this year they were held to 3 per cent, but with inflation down to 2.1 per cent Mr Clark wants to hold the public sector down below 3 per cent next year. The Chancellor shortly will

chair the EDX committee of the Cabinet to settle the public spending levels for next year. William Waldegrave, the Chief Secretary to the Treasury, is finalising bids with ministers to cut spending to make room for tax cuts in the Budget.

An interview with the Chancellor on the BBC Today programme was attacked by Brian Mawhinney, Tory Party chairman, yesterday.

Dr Mawhinney protested to John Birt, Director-General of the BBC, for alleged bias over an interview with the Chancellor by Anna Ford in the BBC Today programme.

Dr Mawhinney accused Ms Ford of having "repeatedly interrupted the Chancellor", but he said James Naughtie, another presenter had treated Tony Blair, the Labour leader, "with kid gloves" in an interview a few minutes later. At the end of her interview, Ms Ford commented: "So you are not going to elevate the debate - thank you Mr Clarke."

The researchers found that overall speeds fell by just over 9mph in the new zones, showing that most motorists obeyed the limits, and that there was a 6 per cent drop in accidents for every 1mph reduction in speed. The research also suggests that while traffic increased on nearby roads as people sought to avoid the 20mph zones, the accident rate did not.

Move to extend 20mph limit

CHRISTIAN WOLMAR
Transport Correspondent

Pressure for the extension of 20mph speed-limit zones is likely to increase after a report yesterday showed that they reduce accidents by 60 per cent. The RAC responded with a cautious welcome for extending the zones and called for "a review of all speed limits."

In a survey of the first 200 20mph zones around Britain, researchers at the Transport Research Laboratory found the number of accidents involving child pedestrians fell by 70 per cent and those involving child cyclists by a half.

Local authorities were first given the right in December 1990 to apply to the Department of Transport permission to impose 20mph limit zones and there are now nearly 300.

The councils must implement traffic-calming measures before imposing the speed limit and most zones have been installed in residential areas, though a few are in town centres. Previous research has shown that while at 30mph nearly half of children hit by a car will die, at 20mph one in 20 will be killed.

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Significant Shorts

A Catholic man was shot dead in a nationalist area of Belfast yesterday in an incident which was locally suspected to be a republican "punishment" shooting. The man was killed in a house in the Markets area, a completely Catholic district not far from the city centre. He was 13-year-old girl was said to have been present in the living room of the house when the killing was carried out.

The man, who lived not far away, was visiting a friend's house when he was killed. He and his family are well-known in the district, his mother and sister living nearby. Although there was no immediate admission of responsibility for the murder, the general assumption of local people was that it looked like the work of some locally based republican grouping. Two men were seen running away from the rear of the house after the shooting.

The local parish priest, Canon Peter McCann, said: "It seems at this early stage to be quite clear that the people who carried out this murder did not come from very far away. It seems to come under the heading of the administration of capital punishment by people who have set themselves up as judge, jury and executioners." David McKelrick

Exam grades that were too low in national tests in English for 14-year-olds this summer were awarded to 40 per cent of pupils at just one school, an exam board has decided. When Oxford School, an Oxford comprehensive, appealed against the marks awarded to 34 pupils, the Southern Examining Group upgraded them all. Eleven candidates went up from level 3 to 4, sixteen from level 4 to 5 and seven from level 5 to 6.

The school said that its teachers were appalled by the standard of marking when the marked scripts were returned: they had not been marked consistently and a few students' papers had been marked by another examiner who had given much higher grades. A spokeswoman for the School Curriculum and Assessment Authority said: "The school seems to have a genuine grievance which is both unusual and unacceptable. If bad markers are identified they are not used again." Judith Judd

More than 400 postal strike activists from all over Britain meet today amid signs that the Royal Mail could face serious competition if the Government allows private operators to deliver letters from Friday. TNT, the international distribution company, announced plans to establish a service for businesses in the Midlands if Royal Mail's letters monopoly is suspended. The Post Office believes that other operators are being set up for the City of London, in Portsmouth and the Midlands towns of Chesterfield, Derby and Mansfield.

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Bishop of Muck comes clean over problems of celibacy

Cleric who disappeared with a woman resigns and asks the Pope for prayers and forgiveness

ANDREW BROWN
Religious Affairs Correspondent

The Roman Catholic bishop who disappeared with a woman member of his flock yesterday let it be known that he had resigned, asking the Pope for "forgiveness and your prayers".

The Rt Rev Roderick Wright, 56, Bishop of Argyll and the Isles, has written to the Pope resigning his see and apologising for the distress he has brought to his people and to the family of Kathleen MacPhee, 40, the divorcee who disappeared with him, the Scottish Catholic Bishops' Office said yesterday. The couple's whereabouts are not known.

The Bishop, who dropped out of public view a week ago, met Cardinal Thomas Winning, the leader of the Catholic Church in Scotland on Sunday. "It was a very emotional meeting because he was very upset and I didn't think he realised the kind of trauma he put everyone else in," the Cardinal said.

"He was very insistent on expressing his deep, deep sorrow and regret for the hurt he had caused by his sudden disappearance."

Archbishop Keith O'Brien, who has taken over the temporary running of Bishop Wright's diocese.

Bishop Wright said in a statement yesterday "I now wish time and privacy to reflect on my future as I await acceptance of my resignation as a bishop. I am spiritually and physically unable to sustain the responsibilities of a Diocesan bishop."

The only really unusual thing about Bishop Wright, who also happens to include the title of Muck in his diocese, is that he has turned out to be Bishop, and not Father or Monsignor Wright. Compulsory celibacy has become more and more difficult to maintain in the modern world. Around 100,000 priests have left the Roman Catholic church in the 30 years since the Second Vatican Council ended in 1965. The difficulties of maintaining celibacy are thought to have been a major factor in this loss of priests.

Even the priests responsible for training other in the necessary disciplines and rewards of celibacy believe that the days of compulsory celibacy are numbered, at least for ordinary parish clergy. Mgr Jim O'Keefe, newly appointed president of Ushaw Seminary, said yesterday: "My own feeling is that it will change, but more slowly than people think. I think extremely unlikely to be any

change without the equivalent of some kind of council."

Celibacy has been a problem for the Church for almost as long as it has had a priesthood. The Eastern Orthodox churches permit their parish clergy to marry, but bishops must be celibate. St Augustine put away his concubine on becoming a Christian, but other great theologians married — Martin Luther, in a double blow against celibacy, choosing a nun, Thomas Cranmer, the Archbishop who divorced Henry VIII three times, married once.

ally accepted that something will be done once he is dead. Though all Catholics value the idea that some men are called to be celibate priests, it becomes harder and harder to find any who believe that all who are called to be priests are also automatically called to be celibate.

In this country and in the US there are small but influential numbers of married Catholic priests who are ex-Anglicans. One, in Alabama, last year became the first divorced Catholic priest in the world. In the third world it is taken for granted that a large proportion of the parish clergy have families.

In the developed world the pressures are different and more subtle. Priests talk about two main factors. The first is that sex is a far more public and pervasive factor than it used to be. Speaking at the weekend, Cardinal Basil Hume said: "In our society's elevation of freedom of choice to the apparent exclusion of other values, and in its seemingly endless obsession with sex we are witnessing the peddling of unreal fantasies about what it is to be human... Far from reflecting experiences of genuine love and human intimacy [sex] seems to offer a fantasy in compensation for the lack of such experiences."

Priests are not immune from the temptation to such fantasies. In some ways they may be more vulnerable than the more experienced, as part of the changes in their role since the second Vatican Council. Mgr O'Keefe says "Thirty years ago the job itself was far more clearly prescribed. Now it is much more open and far more demands are made on us. The uncertainty, the lack of clarity, the complexity of how we began to understand being a priest was a destabilising phenomenon in the lives of many men."

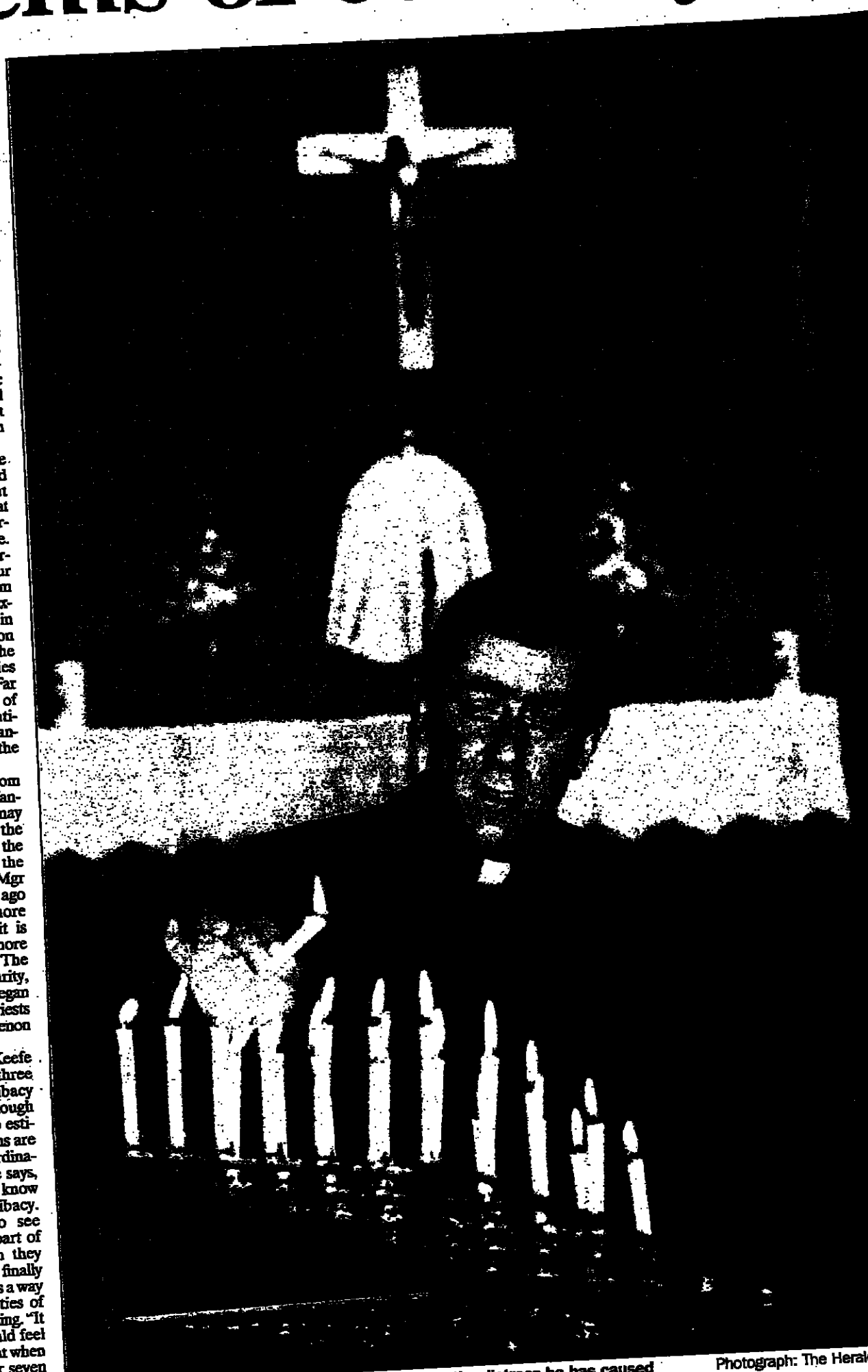
Like Dr Sipe, Mgr O'Keefe believes that there are three main attitudes to celibacy among the priesthood, though he says it is impossible to estimate what the proportions are among candidates for ordination. There are those, he says, who have the gift, and know they are called to celibacy. There are others who see celibacy as an integral part of being a priest, "though they might prefer not to", and finally those who use celibacy as a way of escaping the difficulties of growing up as a sexual being. "It is the third group I would feel most anxious about. That when the crunch comes, after seven or twenty five years, they break out of the mould completely."

However, celibacy was re-established among the Catholic clergy during the counter-reformation, and it is only in the latter part of this century that it has become a really difficult problem. Dr Richard Sipe, a married former monk who has made a large scale study of celibacy, reckons that around 50 per cent of the priests in the developed world have fairly regular sexual relationships — and that elsewhere the proportion is somewhat higher. These figures are disputed, but no one disputes the general picture.

Pope John Paul II has set his face against any weakening of the discipline. But it is gener-



Celibacy has been a problem for the church almost as long as it has had a priesthood



The Rt Rev Roderick Wright, who has apologised for the distress he has caused

Photograph: The Herald Glasgow

A star John Major never named

CHARLES ARTHUR
Science Editor

It is a tale of a distant sun and the terrestrial one: yesterday the Sun said that on the instigation of a constituent, John Major had spent £55 of his own to name a star for the children massacred in Dunblane, as "a comfort to the people of Dunblane in the years to come".

A touching story, except that John Major didn't spend any money and didn't get the star named. That was the work of Toni Coventry, 22, of Islington (not Huntingdon), who had the idea herself in March, and paid the registration fee to the International Star Registry (ISR), which duly renamed star 453165-535 in the constellation Cygnus the "Star of Dunblane".

Ms Coventry received the certificate from the ISR on 13 March and sent it to Dunblane primary school, where it has been framed and hung. She received a letter of thanks in return.

Unsurprisingly, Ms Coventry was not inconsiderably annoyed yesterday that John Major, or his publicity machine in Wapping, appeared to be basking in the reflected glow of approval. "I feel a bit angry because it was me that first bought it," she said. "I didn't want publicity for it, but I have had to let everybody know now that it was my idea."

The Sun's story was sparked off by a letter from Mr Major to a constituent, Geoffrey Eys, who had suggested the naming idea to him. In the letter of 21 August, Mr Major said: "As you can imagine, this was not an entirely straight forward matter to pursue. However, I am delighted to be able to tell you that a star has now been named 'Star of Dunblane' and the School has been sent a certificate of registration with a large astronomical chart pin-pointing its exact location."

Downing Street insisted that the attribution of the purchase to Mr Major was the result of a mix-up between departments.

Astronomers meanwhile were annoyed at the apparent legitimisation of ISR, which itself says that the naming service it offers has no official basis and is "primarily intended as a novelty gift service".

The official naming organisation, the International Astronomical Union, hardly ever puts a person's name to a star. But when it does, the naming process is free.

Phil Shaw reflects on footballers' spirits — the ones found stacked behind the nightclub bar

It's a game of two halves, three pints of lager and four tequilas

The man from *Loaded* magazine had asked Saint and Greaves to name the biggest influence on their careers. "Bill Shankly" was the reply from Ian St John citing his old manager at Liverpool. Jimmy Greaves was equally ready with his answer: "Vladimir Smirnov."

For devotees of the bible of laddishness, his response no doubt provided a laugh over the lagers. After all, as anyone ever beats alcoholism, Greaves seems to have managed it. Arguably the greatest goal-scorer English football has known, he is off the bottle and on the box.

Behind the titters, though, there lay a deeper-rooted problem. Far from being a one-off or, like George Best, a ruddy-faced relic of a boozier bygone era, Greaves has begun to look like the tip of the iceberg.

On Saturday, Tony Adams, who captained England during Euro 96, followed his Arsenal colleague, Paul Merson, by admitting his addiction. The image of an emotional Adams, splashed across the papers, was followed yesterday by an announcement that the Football Association is to conduct random breathalysers tests on every player in the professional game.

As moral panics go, it is hardly new. Barely three months have passed since the same papers reported a "binge" by England players on the flight from Hong Kong. When three of the squad were spotted in a night-club after the draw with Switzerland, *The Sun's* headline screamed: "England aces back on the booze."



Bottoms up: (left to right) Paul Merson at Stringfellows, Paul Gascoigne in Hong Kong, and George Best on holiday in 1969

Paul Gascoigne, inevitably the centre of the Hong Kong accusations, made his point after scoring against Scotland. Lying on the Wembley turf, he allowed the England team to shower him with Lucozade, a self-mocking re-creation of the Tequila-fuelled "dentist's chair" episode in the Far East.

Gazza's indignation might have attracted greater sympathy had he not previously been involved in incidents in nightspots where he sought refreshment with his friend "Five Bellies". Graham Taylor, when England manager, talked euphemistically about Gascoigne's need to "re-fuel". As his club doctor at Lazio, in Rome, said: "Beer is intrinsic to Paul's diet."

Jimmy Hill, in a previous incarnation as leader of the players' union, claimed 35 years ago that moderation was observed:



Bottoms up: (left to right) Paul Merson at Stringfellows, Paul Gascoigne in Hong Kong, and George Best on holiday in 1969

"Quite a few footballers can knock back a pint or two, but none are alcoholics."

Nowadays, the link between football and alcohol is institutionalised. After every match the combatants raise a glass in the players' bar. In their leisure time, those not inclined to spend some of their burgeoning salaries on slaking a thirst.

Several teams sport the names of brewers on their shirts, replicas of which are worn by children down to pre-school age. And the question: "Will you be having a few drinks to celebrate?" is part of the ritual of the post-match interview.

At least that is the case in this country. British players joining Continental teams, especially in Italy and Spain, have found that the lifestyle they grew up with was abhorred in their new culture.



Bottoms up: (left to right) Paul Merson at Stringfellows, Paul Gascoigne in Hong Kong, and George Best on holiday in 1969

Greaves traced the advent of heavy drinking among players back to the cynical, win-at-all-costs football of the Sixties (whether it is coincidence or not, the abolition of the maximum wage had given them unprecedented spending power). "It helped relieve the pressure," he said in the book *This One's On Me*.

Spurs' drinking school comprised mainly "pint-sinkers", Greaves recalled. Thirty years on they are downing spirits as Ron Atkinson noted when he said that there were several players who would like one competition re-named the Vodka and Coca Cola Cup.

Atkinson had problems during his managership of Aston Villa with Paul McGrath, a shy Irishman who drank to become gregarious. Among McGrath's contemporaries at Manchester United, Bryan Robson's self-



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news

Girls in despair swell rising young homeless

Young driven to drug and alcohol addiction, petty crime and prostitution

REBECCA FOWLER

The number of young homeless people in Britain has risen to "a despairing" 250,000, with a marked increase in teenage girls leaving home with nowhere to go, a report revealed yesterday.

The result of the first attempt to quantify how many young people are on the streets, in squats or bed-and-breakfasts or on friends' floors, it said the problem was far greater than charities had feared. The problem affected young people from all backgrounds, even the most privileged.

The independent study, commissioned by 10 charities including Barnardos, Shelter and Char, highlighted the number of homeless young people being driven to drug and alcohol addiction, prostitution and petty crime at the basest level of survival. The inquiry panel included experts in housing and social services and representatives of the police, the church and business.

Andrew Whittam Smith, chairman of the inquiry and founder editor of *The Independent*, said an estimated 1 in 30 young people aged between 16 and 25 were homeless, a growing number in rural areas, and described it as "a very large and despairing proportion".

"The young homeless are actually getting younger and the proportion of young homeless



On the street, where she lives: A young woman who is forced to live rough in London

who are women is also rising," he said. "It's a startlingly large problem and it's certainly one that's getting worse."

"Their backgrounds are very diverse. They are not confined to a particular part of society... We are especially worried by the

long-term implications of homelessness... it's all too easy once homeless to slide into a life of petty crime, drug or alcohol abuse."

Many homeless young people had faced bullying, neglect, abuse and conflict in their

homes or in care, which a disproportionate number came from, according to the report. Research at Birmingham University showed girls were more likely than boys to fall out irreconcilably with their parents.

Among the greatest problems facing young people when they leave home with nowhere to go are changes in the benefits system; the lack of support for teenagers leaving local authority care; and the "Catch-22" situation in which they are unable to find homes with-

out jobs and jobs without homes. The report, *We don't choose to be homeless*, which marked the start of youth homelessness week, included young people's accounts of why they had left care or family homes and what

happened to them when they became homeless last year, in five locations across Britain. One said: "I was in care for three years and was put in nine different places - it did my head in." Another, who ended up on the streets in Cornwall, said: "I

have to put youngsters from the age of 16 back in the welfare state again and they have to have easy access to safe places with no bureaucratic difficulty."

According to the inquiry panel, it would be considerably cheaper for the Government and taxpayers to tackle homelessness with improved benefits payments rather than bear the costs of thousands of young people having nowhere to live.

was moved on by the police several times, but where do you go? They gave me no advice, just said I couldn't stay where I was." A young woman recalled "being asleep and waking up to find someone's hands down your trousers".

The report will be presented to the Government this week. Simon Hughes, Liberal Democrat spokesman, yesterday supported its calls for improved benefits and provisions for young homeless people.

He said: "The figures are not only shocking for a country that calls itself civilised like Britain, but a real challenge. You

'Where do you go? The police gave no advice but just said I couldn't stay where I was'

have to put youngsters from the age of 16 back in the welfare state again and they have to have easy access to safe places with no bureaucratic difficulty."

According to the inquiry panel, it would be considerably cheaper for the Government and taxpayers to tackle homelessness with improved benefits payments rather than bear the costs of thousands of young people having nowhere to live.

The report said there would be a saving of £2,400 for every homeless person. While the taxpayer foots a £1,700 bill over two years for a young person on benefits, that rises to £4,100 for provisions for homeless people who cannot get benefits and are dependent on extra back-up, and fall into crime and ill health.

Photograph: Tom Pileston

Haemophiliacs 'denied clotting agent'

LIZ HUNT
Health Editor

Thousands of haemophilic patients are being denied a purer, artificial form of the clotting agent Factor VIII, because their health authorities will fund only a cheaper version which carries a higher risk of viral infection.

The tragedy of 1,200 haemophiliacs infected with HIV from contaminated Factor VIII used in the early 1980s, and around 3000 - out of a total of 5,000 haemophiliacs in the UK - infected with Hepatitis C to

date, has failed to move either the Department of Health, which has rejected central funding for the genetically-engineered recombinant version, or the majority of health authorities.

Doctors are largely unanimous in their view that recombinant Factor VIII is preferable on clinical grounds to plasma-derived Factor VIII, made from treated human blood, for all haemophiliacs but especially for children.

The UK Haemophilic Centre Directors' Organisation will

this week publish guidelines recommending that the recombinant form should be used for everybody, pointing out that it is cheaper here than in the rest of Europe.

The UK's use of recombinant is between 4-10 per cent of all Factor VIII given, compared with 50 per cent in Germany.

However, recombinant Factor VIII costs 52p per unit compared with 20-28p per unit for plasma-derived product, and if a health authority refuses to pay for it, then a doctor has little choice but to prescribe

the less safe product. Two viruses, Hepatitis A and parvo-virus, are resistant to all sterilisation techniques in use, and there is also the danger posed by viruses yet to be identified.

Following inquiries by *The Independent* this week, the Royal Free Hospital in London announced that all haemophilic children in its care will now receive the recombinant form because it is the "preferred method of treatment" and that health authorities would be expected to "co-operate".

But Dr Paul Giangrande, di-

rector of the Oxford Haemophilia Centre, the largest in the country, says that the situation nationally is serious for both haemophilic adults and children.

Dr Giangrande has managed to persuade health authorities to pay for recombinant Factor VIII for all boys under 10 in his care since April 1995, except for one.

Swindon Health Authority is reluctant to fund it, he said, and so plasma-derived product is administered to a child in its care instead.

Graham Barker, director of services at the Haemophilia Society, said that health ministers had so far ignored medical advice and pressure from the Society to make recombinant Factor VIII universally available to haemophiliacs. He said the decision to add VAT to the recombinant product was deplorable.

A spokesman for the Department said last night that it was a matter for purchasers and providers to come to an agreement on how to treat patients. Health, section 2

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NHS trusts' insurance promotion deal collapses

NICHOLAS TIMMINS
Public Policy Editor

A potential deal under which National Health Service hospitals could promote the sale of private health insurance by Norwich Union Healthcare, Britain's third-biggest private medical insurer, was thrown in doubt yesterday by the Department of Health.

"NHS trusts should not align themselves with a single insurer," a departmental spokesman said. "Or promote their goods and services on hospital premises. The last thing we want is a big Norwich Union sign saying 'join here'. That would not be acceptable."

There was, however, nothing to prevent trusts working with a range of insurers, he added, but not in a way which would put patients under pressure to take out private cover.

The prospect of NHS hospitals actively promoting private medical insurance has been at-

tacked by the health workers' union Unison and was criticised yesterday by Chris Smith, Labour's health spokesman.

NHS hospitals "should quite simply not be involved" in promoting private health insurance, he said. "Whether it is one insurer or many, there will inevitably be pressure on patients to opt for insurance. It flies in the face of everything the NHS stands for and must be stopped immediately."

The DoH's view - a matter almost certainly of guidance to NHS trusts, rather than any statutory bar on them agreeing to promote a particular product - may also lead to Norwich Union and other insurers going cold on the deal.

Tim Baker, Norwich Union's commercial director, said the company would not be looking for exclusivity in the sense that NHS pay-bed units and private wings would treat only patients covered by the company. But, he added, "a degree of marketing

exclusivity for a period would be needed to make it work."

With trusts actively promoting Norwich Union's Trust Care policy - which provides cover only in NHS pay beds - local markets could be developed and more patients might come to the "guilt" some feel about private insurance if they knew the profits from their treatment was supporting their local NHS hospital, he said.

The NHS Trust Federation is looking for tie-ups with private insurers to offset the effect of Bupa, Britain's biggest health insurer, developing a policy which excludes patients from treatment in NHS pay beds - a move the federation says could cost trusts £50m in lost revenue over the next four years.

Industry analysts believe Bupa's move is a defensive one, attempting to raise occupancy in its own 29 hospitals and those of other private operators who have been losing market share to NHS pay beds.

Man in tears surrenders over Bondi Beach death

ROBERT MILLIKEN
Sydney

A man will appear in court in Sydney today charged with the murder of Brian Hagland, the Briton attacked by two men near Bondi Beach 10 days ago.

Police charged him after he walked into the police station in the Sydney suburb of Bondi Beach yesterday afternoon.

He arrived at the police station dressed in a dark suit and tie, accompanied by his mother and his solicitor. The 22-year-old man wept and hugged his mother before entering the police station. Last week, three days after the attack, the man, who lives in the inner-Sydney suburb of Rushcutters Bay, about three miles from Bondi, also visited the police station with his solicitor, Leigh Johnson, but no charges were laid then.

Mr Hagland, 28, was beaten to death in the early hours of 7 September as he walked along



Brian Hagland: Killed after his fiancée's party

a street with his British girlfriend, Connie Casey, 25, after her farewell party at the Australian Trade Commission, where she worked. After the couple's working holiday in Australia, they had planned to become engaged in Tahiti before returning to Britain, where Mr Hagland had been due to resume his job as a Post

Office driver in London. Ms Johnson said after her client's arrest: "He maintains his innocence. It was at most a scuffle between two drunk men. He didn't kill anyone." Police also interviewed another man, aged 23, but had laid no charges against him late last night.

Detectives have rejected reports that Mr Hagland might have died as a result of injuries sustained when he and his assailants fell against a slow-moving bus. They said that a second post-mortem examination confirmed that he died from head and internal injuries.

His family is understood to be planning a funeral when his body, accompanied by Ms Casey, returns to Britain.

Residents of Bondi Beach held a public meeting on Sunday to protest about the increasing violence at weekends in what had been one of Sydney's most peaceful areas. Police have increased patrols there since Mr Hagland's death.

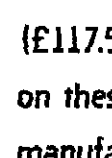
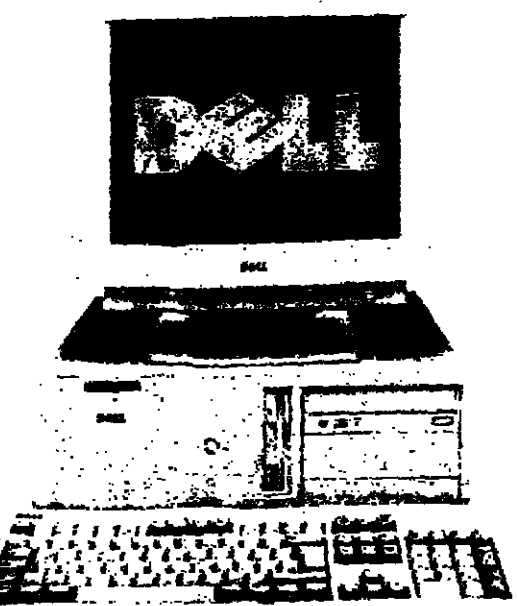
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51 years late, Austria hands over its Nazi treasure

JOJO MOYES

Fifty-one years after the end of the Second World War, Christie's will next month auction more than 8,000 items, confiscated from Jews by the Austrian National Socialists, on behalf of remaining Jewish communities.

The Mauerbach Benefit Sale, so-named after the Austrian monastery in which the works lingered for almost 50 years, is the first international auction of restituted or "heirless" art and is expected to raise at least \$3.5m (£2m).

Examples were shown for the first time at Christie's in London yesterday. The property includes paintings by old masters such as Breughel, and (pictured right) *The Oriental* by Friedrich von Amerling and a bust of Alexander the Great from 3BC. These, and many unrecorded works, were handed to the Federation of Austrian Jewish Communities following a vote in the Austrian parliament last year. It ends years of controversy over the Austrian government's delay in returning the works to descendants of the original owners.

"Nobody can rewrite history. No sale of this nature can go more than a few inches to righting the wrong which everyone, including the Austrians, acknowledge to be done," said Lord Hindlip, chairman of Christie's, which is holding the sale in Austria on a non-profit basis. "But if one takes a positive view of it, which I think one should do," he added, "it will mean a number of people who

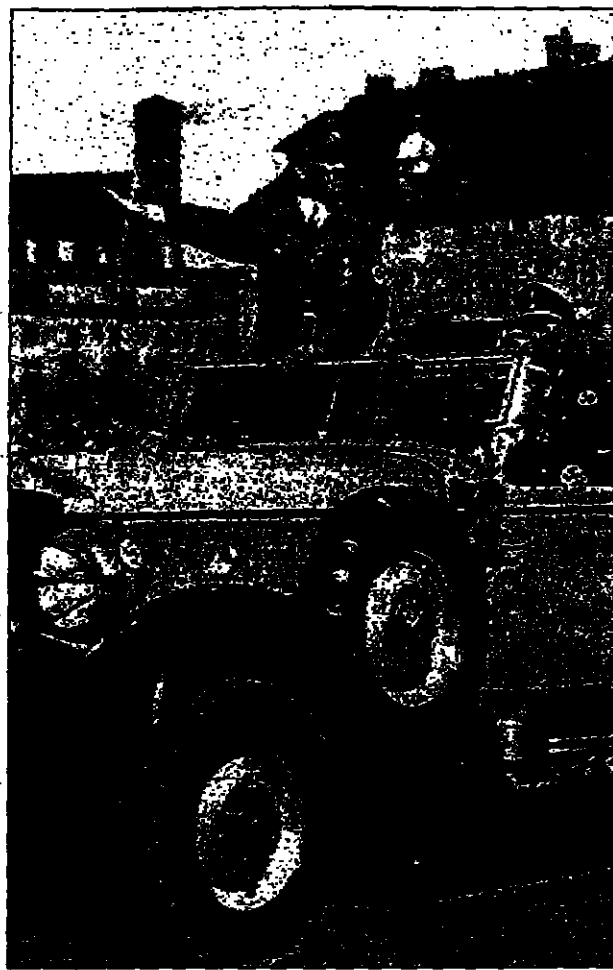
suffered most will benefit and I think that is our point ... some good at least will come out of it." Proceeds of the sale will be overseen by an international committee and will benefit both Jewish and non-Jewish victims of the Holocaust and their families.

Between 1938 and 1945 the National Socialists confiscated thousands of works of art, mainly from Jews. The most valuable pieces were put aside for Hitler's planned museum in Linz. After the war, works discovered by the Allies were handed over to the Austrian government on the understanding that they would be returned to their original owners, or their families.

But instead, the Austrians stored the loot in a monastery at Mauerbach, and successive governments refused to return it to the Jewish community. Those who did make a claim often found their way blocked by exhaustive interrogation as to ownership.

Frank Zeller, first secretary to the Austrian embassy, acknowledged at Christie's yesterday that the Austrian government had "not done enough and sometimes not the right thing" in relation to the delay experienced by victims of the Holocaust.

The Austrian government had finally acted "as an acknowledgement of moral responsibility", but had been slowed by the complications involved in restitution such as cases where 18 people staked a claim on one piece of work.



Spoils of war: Adolf Hitler in Vienna (Photograph: Wiener Library), flanked by two of the 8,000 confiscated works of art to be sold at Christie's on behalf of Jewish communities

Swiss refuse to examine gold's origins

LOUISE JURY

The Swiss government yesterday bowed to international pressure and announced plans to lift the secrecy surrounding its banking business to help the search for Nazi gold.

Admitting that allegations that Switzerland has hoarded property stolen by the Nazis had seriously damaged his country's reputation, Flavio Cotti, Foreign Minister, said the draft decree intended to feed the investigation had been approved in all respects. But to the disappointment of Holocaust survivors, he appeared to back down from a thorough examination of what happened during and after the war by stressing that an agreement in 1946 had settled the issue of stolen gold and German assets "definitively".

"Switzerland is prepared to investigate this chapter of its more recent history once again, although the Swiss authorities previously looked closely into both of the question of the assets of Nazi victims as well as property from the former Nazi Germany," Mr Cotti said.

Claiming that the British media was conducting a campaign against Swiss banks and Switzerland itself, Mr Cotti went on: "The Federal Councils take these extremely grave accusations very seriously."

"Switzerland is accused by the public of having received the stolen property of the Nazi Reich. We are asked to prove our innocence or to admit our moral guilt, which to some is already established in any event. There is no doubt that these accusations have seriously damaged Switzerland's reputation. It is therefore all the more important to undertake the investigation of Switzerland's relationship as a financial centre with the former Nazi Germany speedily."

The decree suspending Swiss bankings' traditional secrecy will have to be confirmed by the Swiss parliament. Banking inspectors will then be given power to examine all the relevant records.

A delegation of Holocaust survivors accompanied Greville Janner MP, vice-president of the World Jewish Congress and chairman of the Holocaust Educational Trust, when he met the Swiss chargé de affaires, Robert Reich, yesterday.

After a lengthy meeting, Mr Janner described the Swiss announcement as "most important", though some of those with him had reservations.

Araeh Handler, 81, who helped bring 10,000 Jewish children out of Germany in the Kindertransport programme, said he hoped the Swiss would now find a way to apply these funds to the "right purposes".

But Martin and Ester Friedman, 73, who lost their families in the concentration camps, said they feared all the survivors would be dead before the money stored away could be of benefit to them. "They are dragging it out now until we're old and dead," Mr Friedman said.

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The union has called for stoppages that may result in letter deliveries and collections being affected on Saturday September 21st and Monday September 23rd. In each case the strikes, lasting 24 hours, are due to begin the night before.

- Royal Mail will do everything possible to keep the mail moving, although delivery and collection of letters will vary depending on local circumstances.
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news

Inspectors allow bad teachers to survive

JUDITH JUDD
Education Editor

Inspectors are failing to implement new Government rules which aim to identify the worst teachers, headteachers complained yesterday.

Since April inspectors have been required to grade teachers from one (best) to seven (worst) and to report those given the two bottom grades to the head.

Peter Miller, new president of the Secondary Heads Association, said inspectors appeared reluctant to give teachers grade six and seven. "We are seeing a lot of teachers graded five," he said. "Quite possibly one of the reasons we are seeing a lot of grade fives is that inspectors are choosing to avoid the hassle, which is quite understandable."

If inspectors wished to give teachers the worst grades, they had to watch extra lessons and tension increased during the inspection, he added.

Mr Miller said heads knew who the bad teachers were and were undermined if inspectors failed to back them up in their efforts to deal with them.

"If a head is trying to help a colleague who is clearly struggling, or even taking disciplinary measures, and that teacher is not given a bad grade, the head is undermined."

Inspectors also seemed unwilling to name the best teachers, perhaps because they feared it would increase jealousy in the staffroom, he said.

Mr Miller, deputy head of Wrentham School, Wellingborough, Northamptonshire, said the new rules were misguided and would do more harm than good. "This is a distortion of the inspection process."

Chris Woodhead, the Chief Inspector of Schools, has said that 15,000 teachers are not up to the job.

A spokesman for the Office for Standards in Education (Ofsted) which Mr Woodhead heads said it was too early to decide yet whether the new system was working. "It goes without saying that we expect registered inspectors to use the full range of the marking scheme and we take a dim view of teams who are failing to do so."

"Good teachers deserve to be identified and headteachers are entitled to the valuable management information which we said the system would yield. If it is not yielding that information, it is not doing the job it was intended to do."

Gillian Shepherd, Secretary of State for Education, announced yesterday she was accepting recommendations from Ofsted that most schools should be inspected once every six years instead of every four years as at present. Weaker schools will be visited more often.

Four teachers' unions yesterday called for a pay rise above inflation and average earnings and for a legal limit on class sizes. The four unions say in their submission to the School Teachers' Review Body that they want a "substantial" increase. Inflation is running at 3 per cent and average earnings are expected to be up by 4.6 per cent by March next year.

The unions want a class size limit of 30 with lower limits for mixed age, reception and practical classes. More than a million primary school children are in classes of more than 30.

The Association of Teachers and Lecturers, National Association of Schoolmasters' Union of Women Teachers, National Union of Teachers and Professional Association of Teachers, say that, outside teaching starting salaries for graduates have risen to £15,000 while for teachers the figures are £13,866 for good honours graduates and £12,342 for others.



Monster job: Brian Powell carries out restoration of the Poseidon fountain at Witley Court

Sea monster arises from the ruins

STEPHEN GOODWIN

The sea monster in Britain's biggest fountain should soon feel more at home as a £1.5m restoration project gets underway at Witley Court, near Worcester.

Jets of water 100ft high used to play over the great stone fountain which depicts Perseus rescuing Andromeda from the depredations of the mythological monster.

But over the decades since the Witley Court mansion was devastated by fire in 1937 - some said the pyrotechnic work of the butler - the Victorian garden has lost much of its glory and the fountains have dried up.

This afternoon, Sir Jocelyn Stevens, chairman of English Heritage which manages the property, will announce a £1.5m project to turn the clock back in the gardens by end of the millennium. The house itself will remain a romantic, if cared for, ruin.



Former glory: Display in better times Photograph: Poseidon Fountain Restoration Society

Witley Court was converted in the 19th century from a Jacobean manor house into a vast Italian-baroque palace for the 1st Earl of Dudley. The equally elaborate gardens were the inspiration of the landscaper architect William Nesfield who referred to it as his "monster work".

Created between 1854 and 1860, it was one of the most spectacular country house gardens in the land with clipped

box hedges, immaculate lawns and colossal fountains. But the Dudley fortunes declined and at the time of the fire "the Court" was owned by Sir Herbert Smith, a Kidderminster carpet manufacturer. During

the 1950s and 60s, the house was stripped of all saleable material and came close to demolition. Guardianship passed to the Department of the Environment in 1972 and then, in 1984, to English Heritage, which has made the ruin safe and restored decorative stonework.

The Poseidon fountain, as it is known, though the god of the sea is only represented by his monster, is reputed to be the biggest in Europe. It has 140 jets, the most powerful of which spouts from the mouth of the monster.

An observer writing in 1873 described the water rising to a height of 120 feet. This has not been matched since the fire. Some £120,000 will be spent on new pipes, a pumping system, and repairing stonework. A similar sum will be spent on a smaller fountain featuring the goddess Flora.

The ornamental gardens will be reinstated and urns planted with ivy.

Mothers forced to undergo surgery

PATRICIA WYNN DAVIES
Legal Affairs Editor

A woman has no right to take her and her unborn child to destruction by refusing permission for her doctor to perform a caesarean operation.

That is the effect of a series of High Court rulings allowing the procedure to be carried out against a mother's will and showing the extent to which judges are now prepared to authorise non-consensual surgery in life or death cases.

The two most recent rulings, in July, have prompted a senior barrister to raise what she views as the unwarranted imposition of caesareans - which carry their own risks - on unprotected mothers. Her protests will come at a childcare conference on Saturday convened by Positive Care in Obstetrics and Gynaecology, the feminist women's professional group.

In one of the July cases, a woman known as W, who had a psychiatric history, repeatedly denied she was pregnant on arrival in labour at a Norwich hospital. She had already had three caesareans and her obstetrician feared that if labour continued her old scars would open, endangering her and the foetus.

In the second case on the same day in Rochdale, C's doctor believed her uterus was rupturing and that she and the baby would die. C, who had had a caesarean before but who eventually consented just prior to the issue of a court order, had insisted she would rather die than submit to another. Both women and their babies survived.

Barbara Hewson, vice-president of Association of Women Barristers, who will address the meeting, said: "Parliament has never authorised the forced detention of pregnant women for caesareans, nor... deemed that women in labour should be treated as incompetent."

Bertie Leigh, who acted for Rochdale Healthcare Trust in C's case and whose firm Hempsons has set up a hotline to help other health authorities and trusts, said that in the rare cases where a woman's womb was at risk of rupturing, "doctors are characteristically appalled and do not know what to do."

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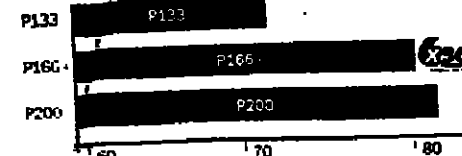
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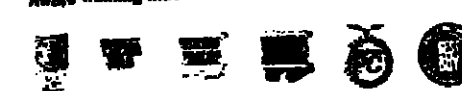
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Vatican dissembles over gravity of the Pope's illness



Andrew Gumbel
Rome

Pope John Paul is sick, that much is certain. Even the Vatican has been forced to admit as much, after months of prevarication and hollow assurances. With every public appearance, the 76-year-old pontiff looks weaker, his sagging frame barely able to support the weight of his papal robes, his hands shaking, his breath barely long enough to read out his prayers and speeches.

But the nature of what ails him is far from clear. Is it Parkinson's disease, an obstruction of the bowel, or bone cancer? The rumours have been flying for months now, fuelled in part by the intransigence of Vatican officialdom, which until a few days ago was still insisting that nothing was wrong. So poorly has the issue been handled that the Church now finds itself in the uncomfortable position of having all its pronouncements on the subject routinely disbelieved.

Over the weekend, a few days ahead of the Pope's latest foreign trip, to France, a new announcement sought to shed new light on this darkest of corners in Catholic public relations. All the Pope's health problems, ran a communiqué from his doctors, were the result of an inflamed appendix which would be removed some time before the end of this year.

Reaction to this news has been as sceptical as ever. Appendicitis does not begin to explain his many symptoms, and an operation to treat it would not normally be deferred. The only concrete part of the communiqué is that the Pope will go under the surgeon's knife for the sixth time in 15 years, and that sounds distinctly ominous for a man in his condition.

"Maybe he'll soldier on and see in the new millennium as he hopes, but the atmosphere in the Vatican is unmistakably one of *fin de règne*," one Monsignor told the Rome newspaper *La Repubblica* last week. In the absence of reliable but-

letins, one can only attempt intelligent guesswork. Parkinson's disease would explain the shaky hands, slightly slurred speech and repeated falls that have caused fractures to the Pope's shoulder blade and hip. And it seems reasonable to suppose some kind of abdominal trouble. The Pope had nearly a yard of intestine removed following the shooting in St Peter's Square that nearly killed him in 1981, and in 1992 surgeons removed a tumour the size of an orange from his bowel.

Last Christmas, the Pope was forced to break off his traditional greetings because of a sudden attack of nausea. In August, another bout of abdominal pain prompted an emergency CAT scan.

What does all this mean? Ten days ago, the Vatican's spokesman, Joaquín Navarro Valls, referred to two "mystery bacteria" that doctors were trying to identify; now the talk is of appendicitis. Such official squirming is not a pretty sight, and does little honour to a Pope who, despite his troubles, still maintains a packed schedule of meetings and for- eign trips — one to France this week and three more planned for next year.

Calcutta (Reuters) — Mother Teresa was rushed to hospital yesterday after suffering a fall at her Missionaries of Charity religious order in Calcutta and hurting her head, hospital officials and an aide said. She was taken to the intensive care cardiac unit at the Woodland Nursing Home, in Calcutta.

Bosnia elections: Errors and intimidation

Monitors call polls valid but carried out in 'hostile climate'

Emma Daly
Sarajevo

As the first results from Bosnia's imperfect elections were flashed onto television screens at the \$1.2m (£780,000) media centre in Sarajevo, Ed van Thijn, head of the election monitoring mission, announced that his team would recommend the polls be accepted as valid — if the ruling Serb Democratic Party renounced its separatist dream.

In an unusual election report, Mr van Thijn praised the technical operations on polling day but denounced the hostile political climate in which the vote was held.

"In my opinion the elections were technically well prepared and carried out successfully under difficult circumstances," he said. "However, the general climate in which the elections took place was in some places below the minimum commitments required by the organisers, the Organisation for Security and Co-operation in Europe (OSCE)."

The monitors' report included examples of electoral irregularities, such as "family voting" — one person casting several ballots on behalf of the household — and some intimidation of voters.

But the biggest problems, affecting thousands of voters, were errors in the electoral register, which meant that many people were not allowed to vote.

Most concern was expressed at the restrictions on freedom of the media, of movement and of expression in the run-up to the election, and Serb campaigning against the desire expressed in the Dayton agreement for a united Bosnia.

As a result, Mr van Thijn set as his condition for validating the elections a request that the ruling Serb party should agree in writing to change its constitution and the platform of independence from Bosnia.

This sits somewhat at odds with early statements from the Serb-held half of the country, where the leadership openly campaigned for partition: "First signs are that the Serbs overwhelmingly voted for Republika Srpska," Veljko Ostojic, deputy premier, said on Sunday.

Mr van Thijn is therefore asking the party to renounce the



Keeping watch: An OSCE observer monitors the count in the Serb town of Doboj. Photograph: Reuters

the 109 municipalities, the three nationalist leaders were well ahead — as expected. Alija Izetbegovic of the SDA had won 82 per cent of the Muslim vote, Momcilo Krajcinik (SDS) 85 per cent of the Serb vote, and Kresimir Zubak (HDZ) 90 per cent of the Croat vote.

As one observer noted, the elections were seen by many as a continuation of the war by other means, the climate exploited by the three ruling nationalist parties.

The International Crisis Group, whose monitors worked under Mr van Thijn, issued a statement arguing that against a background of "adverse conditions, electoral engineering and disenfranchisement, these elections cannot be described as free, fair or democratic."

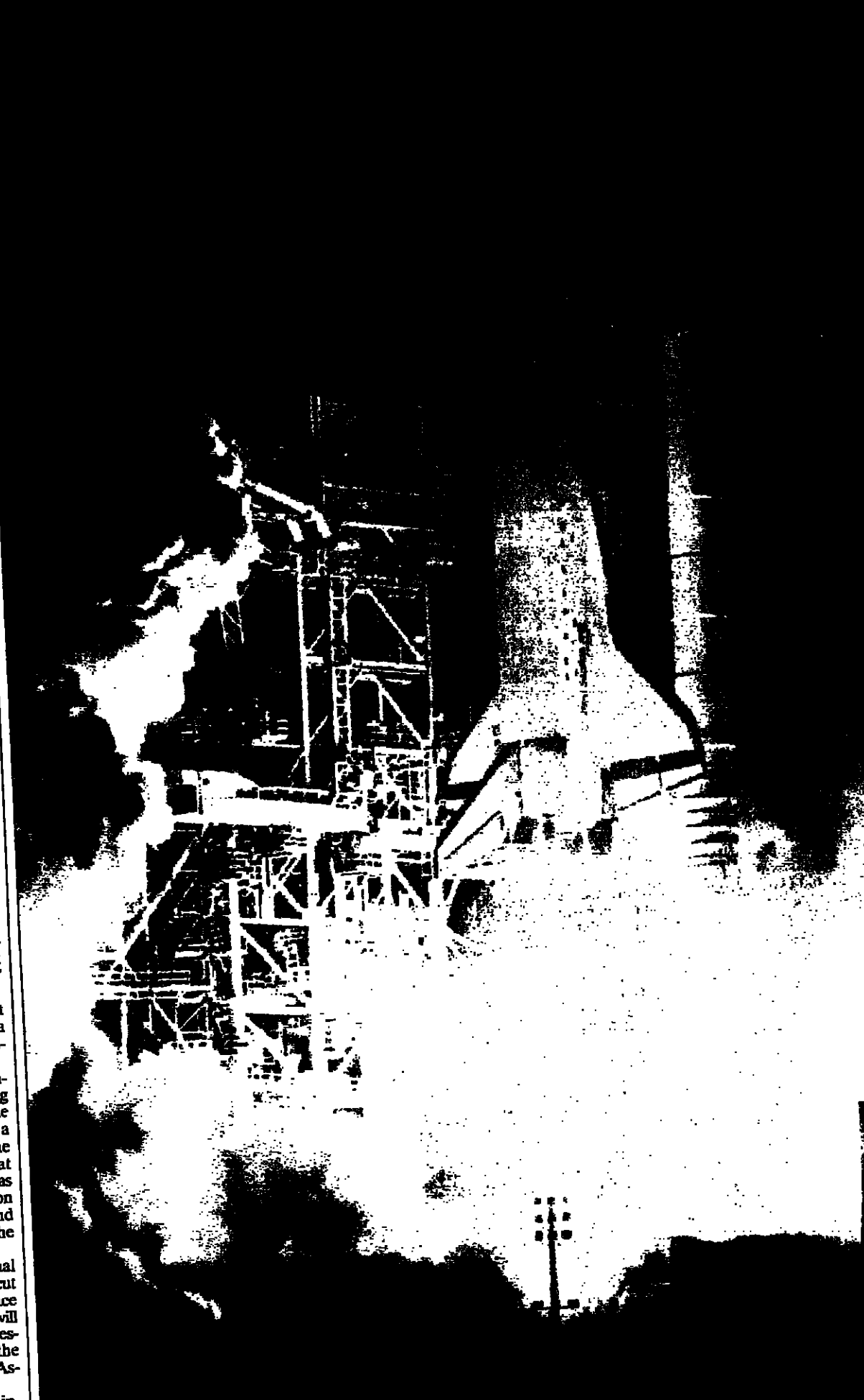
To some extent, Mr van Thijn agreed when asked to comment on the statement. "I didn't say that they were free and fair," he said.

One Western diplomat commented: "That was a man under tremendous pressure."

Mr van Thijn denied this interpretation. "Before certifying the elections we knew that the conditions [in which to hold a fair vote] were absent, but the pragmatic decision was that having an imperfect election was better than having no election because that would be the end of the Dayton agreement," he said.

As it is, the international community now has its work cut out to try to push the peace process forward. A first step will be bringing the three new presidents to New York for the United Nations General Assembly.

Diplomats hope that international scrutiny, followed by hard cash, will persuade the new leaders — particularly the Serb and Croat members — that their future lies in a united Bosnia.



Up and away: The space shuttle Atlantis lifts off at the Kennedy Space Centre, Cape Canaveral, Florida, yesterday. The six astronauts on board are to dock the shuttle with the Russian Mir space station and bring home astronaut Shannon Lucid. Photograph: Reuters

Migrant accused of hostel death fire

Imre Karacs
Bonn

A 21-year-old Lebanese man went on trial yesterday in the Baltic city of Lübeck accused of starting the blaze that killed 10 people and injured 38 others in a refugee hostel eight months ago.

What seemed at the time as the most horrendous neo-Nazi attack since the war is now officially regarded as an act of petty vengeance, with one of the victims branded as the perpetrator.

Safwan Eid, the sole defendant, is accused of setting fire to his neighbours on the first floor of the hostel. The evidence rests almost exclusively on three words he is alleged to have uttered in broken German during the rescue on the night of 18 January: "It was us."

The fireman who heard him thought very little of the incident, until he told the story later to his colleagues, who urged him to go to the police. Detectives had been interviewing four neo-Nazi sympathisers seen running away from the burning house. Several had singed hair, but police could find no evidence against them.

For lack of a better lead the four youths were released, and Mr Eid arrested. Throughout his incarceration, he has protested his innocence, but his only alibi are members of his own family. Mr Eid's father says he heard a noise that night and looked out the window, and spotted the flames climbing from the entrance lobby on the ground floor.

The other families touched by the fire also believe Mr Eid is innocent. Immigrant groups staged demonstrations in Hamburg and Lübeck yesterday with the slogan "Free Safwan Eid". Prominent liberals have set up committees in his defence, and anti-racist groups are screaming about a cover-up.

The interpretation of events in Lübeck eight months ago has become a battle-ground for left and right. In the immediate aftermath of the tragedy, Germany was swept with indignation. Politicians on the left, including Lübeck's mayor, Michael Boutellier, urged tough action against right-wing extremists and protection for immigrants. He had even called for a civil disobedience campaign to halt deportations.

The stakes in the trial are high. Either Germany is a country in which foreigners must fear for their lives, or, its image abroad as the home of rampant Nazi thugs is unjustified.

China's leaders-in-waiting vie for the world's approval

Reform vs stability — Peking faces a stark choice, writes Teresa Poole

Peking — In the opaque world of Chinese domestic politics, factional jockeying normally takes place behind closed doors. So it has come as a surprise this month that two of China's senior leaders are presenting very different visions of the country's progress, especially as they have aired their views in advance of the annual Communist Party plenum next week. That meeting will address China's present challenges with a political campaign for "spiritual civilisation".

The two players in this theatre are President Jiang Zemin and Qiao Guohua, chairman of China's National People's Congress (NPC) and the third most powerful figure in the leadership. Yesterday, as they both took centre-stage in the Great Hall of the People to launch the 96th gathering of the global Inter-Parliamentary Union (IPU), local diplomats were on the alert for evidence of friction between them.

The present saga started just under two weeks ago when Mr Qiao gave a rare interview to a foreign newspaper. Asked if there were some "leftists" who wanted to reverse the reforms, he told the German paper *Han-delsblatt*: "Deng Xiaoping correctly stated we are influenced by rightist factors, but even

more deeply rooted leftist factors. China should beware of the rightist factors, but under all circumstances prevent the leftist factors." He admitted that there were often "clashes" between leaders when new laws were under discussion in the NPC.

Mr Qiao is seen as one of China's reformers, despite being a former head of party discipline. He again stressed that the role of the unelected NPC, which in practice functions as a rubber stamp, was to evolve into a body to promote the rule of law. A more powerful NPC would also provide a useful base for Mr Qiao in the event of leadership realignments following the death of 92-year-old Mr Deng.

"We must institutionalise our democracy and anchor it in law. We must make sure that the system and laws will not change because of changing opinions or because of changing interests of leading personalities," Mr Qiao told the newspaper.

For China-watchers, this was a clear assault on Mr Jiang's presumed plan to restructure the party and to revere the

people feel free to vent complaints, including the fact that they have no legal redress against corrupt officials.

Mr Jiang, as the heir apparent to Mr Deng, is staking his political future on a campaign for stability, even if this means appeasing "leftists". Thus, his rallying call has been to "talk more about politics" and to launch an old-style campaign for "spiritual civilisation", a blend of nationalist, anti-Western and family-values propaganda. In contrast, Mr Qiao has stressed the need to push ahead with reforms, even on difficult issues such as state enterprises.

Yesterday, two very different styles of politician again emerged. Mr Qiao told the IPU that the NPC had "improved and strengthened the supervision" over China's administrative and judicial organs. Running the country "under the rule of law" would ensure the success of China's reforms.

Mr Jiang meanwhile was on the nationalist bandwagon, attacking "hegemonism and power politics" in the world. The best he could offer the world's parliamentarians was a pro-nouncement that "the socialist democratic political system ... will demonstrate increasingly greater vitality".

Rabbis tackle air hostesses

John Lichfield

"Smoking or no-smoking, sir? Modest or immodest?" Booking an airline ticket to or from Israel may become a complex business if a group of ultra-Orthodox rabbis gets its way.

The rabbis petitioned airlines in Israel yesterday to provide "modest" flights for religious Jews in which no movies would be shown and only male flight attendants would serve male passengers.

The demand, published in several religious newspapers, may deepen tensions between secular and religious Israelis, which have already produced pitched battles in the streets of Jerusalem this year.

The rabbis, including the former chief Sephardic Rabbi Ovadia Yosef, warned that ultra-religious Jews would boycott air travel unless their demands were met.

They complained that in-flight movies displayed "immodest images ... in the face of a holy nation ... This is a holy and sensitive call on airlines to arrange a possibility of flying on their planes without breaking modesty or holiness."

Under ultra-orthodox readings of Jewish law, it is

forbidden to look on the nakedness of others. It is also forbidden for men to be served by women other than their wives or daughters. The rabbis said that they would rule in the future which airlines, if any, were modest enough to accommodate their followers.

The Israeli airline El Al already provides kosher meals and does not fly on the Sabbath. Its spokesman, Nachman Klieman, said that the company made every effort to meet the requirements of the strictest interpretations of Jewish law. "When very well known rabbis fly with us, they are served only by male stewards," Mr Klieman said.

He said the airline had no intention of banning all movies but he pointed out that advances in technology may soon solve the problem. On the new 747-400s, each passenger has a screen above the seat, which could be switched on or off.



El Al: Screens with a switch

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Boutros-Ghali the protector promises fight to bitter end

So far, there is only one other declared candidate, Hamid Algabidi of Niger, former head of the Organisation of Islamic Conferences (IOC). Other names mentioned have included Leticia Shahani, the President of the Senate of the Philippines, Gro Harlem Brundtland, Norway's Prime Minister, Mary Robinson, President of Ireland, Sadako Ogata, the UN High Commissioner for Refugees and Kofi A. Annan, a Ghanaian UN peacekeeping official.

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International

SIGNIFICANT SHORTS

Police have arrested the managing director of Italy's state railway system, Lorenzo Necchi, in an investigation into suspected embezzlement of railway funds. Mr Necchi, 55, has been overseeing a plan to launch a multi-billion dollar high-speed railway which, when it gets off the ground, is expected to be one of Europe's biggest construction projects.

Italian television and news agencies said Mr Necchi had been arrested on Sunday on a warrant from magistrates in the north-west coastal town of La Spezia and was being held in jail there. News agencies said Mr Necchi was being held on suspicion of offences which included criminal association, corruption, abuse of office, money laundering, false accounting, fraud and embezzlement. *Reuter - Rome*

The Gdansk Tax Office wants Poland's former president Lech Walesa to pay due taxes on \$1m (£600,000) he received for the rights to a film about his life, according to newspaper reports. Mr Walesa has 30 days to pay up to 450,000 zlotys (£110,000) or appeal to a court, according to the reports.

Since his presidency ended on 22 December, Mr Walesa's bank accounts have been frozen by tax authorities investigating whether he owes taxes on \$1m he received from the Warner Bros movie studio in 1989. Mr Walesa said the decision was a part of political campaign and he did not intend to pay any money. *AP - Warsaw*

Romania and Hungary signed a key treaty to end centuries-old disputes and boost the two ex-Communist countries' chances of joining Nato and the European Union. The prime ministers of Romania and Hungary, Nicolae Vacaroiu and Gyula Horn, signed the pact in the western city of Timisoara, in the presence of Romania's President Ion Iliescu. *Reuter - Timisoara*

Kashmiri militants attacked polling stations and pro-Westerners mounted a state-wide strike as India's troubled Jammu and Kashmir state held the second phase of crucial local elections. Security officials reported at least five blasts, including two grenade attacks, in the separatist stronghold of Anantnag town, 35 miles south of Srinagar. Three paramilitary troops were wounded in one of the grenade attacks. The state is holding its first assembly elections since 1987. *Reuter - Anantnag*

The Swiss cabinet backed the slaughter of up to 230,000 cattle to eliminate the threat of mad cow disease. Switzerland trails only Britain in the number of cases of Bovine Spongiform Encephalopathy (BSE), or "mad cow disease", the disease scientists say may be linked to Creutzfeldt-Jakob Disease in humans. *Reuter - Berne*

Four Indian youths competing for jobs as police constables died after running in a five mile cross-country race in the midday heat, officials in the eastern state of Orissa said. About 450 youths were selected to take part in the gruelling race. The runners may have died from dehydration due to soaring temperatures and high humidity. *Reuter - Bhubaneswar*

Australia's Anti-Slavery Society said there were up to 35,000 religious slaves in West Africa, with some girls as young as eight forced to perform sexual acts for holy men to appease traditional gods. The report said the girls were the modern version of religious slaves formerly offered as human sacrifices. It estimated there were 29,000 to 35,000 fetish slaves in the region. *Reuter - Sydney*

Kurds' peace and unity takes Saddam by surprise



Jalal Talabani (gesturing), head of the PUK, addresses Kurd refugees in northern Iraqi Kurdistan, near the Iranian border. Photograph: Reuters

PATRICK COCKBURN
Arbil, northern Iraq

Route of PUK: 'They were defeated in their hearts, in their souls'

"I was surprised. Everybody was surprised," says Massoud Barzani, the Kurdish leader, when asked about the speed of his victory over the rival Patriotic Union of Kurdistan. Quite suddenly the Kurdish civil war is over and Iraqi Kurdistan is united under one Kurdish party for the first time in history.

It is not an outcome anybody expected, least of all Saddam Hussein, the Iraqi leader, who probably calculated that by sending his tanks into Arbil, the Kurdish capital, two weeks ago, he would save Mr Barzani from defeat and keep the civil war going. This would have enabled him to be the ultimate power broker in Kurdistan, gradually increasing his influence by playing the two Kurdish parties against each other.

The most important change in the political map of Iraq and Kurdistan since the start of the

month is that, to the surprise of all, this did not happen. There is now only one Kurdish leader and party left. Driving through Kurdish villages there is scarcely a tumble-down but which has not sprouted the yellow flag of the victorious Kurdistan Democratic Party KDP. Equally telling, the price of a Kalashnikov machine gun in the market has more than halved to between 300 and 400 Iraqi dinars (£3 to £10) since the beginning of the month as thousands of PUK militiamen try to get rid of their weapons.

Even after the fall of Arbil on 31 August, there was no reason why Jalal Talabani's PUK forces, still holding the city of Sulaimaniyah and many other towns and villages, should not have fought on. "They held positions from which they could have held us off by throwing rocks," said one KDP member. Overall, Mr Barzani, told *The*

Independent in an interview, his forces lost 150 dead and 500 wounded in the war.

The main reason for the rout was that the PUK, desperate for the West to help it with air power after the loss of Arbil, announced on its radio and television that the Iraqi army was pouring into Kurdistan. Such is the terror of Saddam Hussein's name among Kurds, that, as in 1991, they broke and fled. Mukhtar, a KDP *pesh marga* (soldier), who fought at Degala, where the PUK failed to blow up a strategic bridge on the road from Arbil to Sulaimaniyah, said: "They were defeated in their hearts, in their souls. They were throwing away their weapons."

Not everybody is quite convinced that this will last. A foreign observer in Arbil, who has been in the country for the whole of the civil war, said: "It is likely that the PUK and Tal-

abani, who have succeeded in fighting for many years, will give us just like that?" But most Kurds, soldiers and civilians alike, believe that a come-back by the defeated party will be very difficult. War-weariness is great. Of the chances of renewed warfare with the PUK, Mr Barzani says: "If anything happens it will be because the Iraqis are equipped them."

The *pesh marga* close to the Iranian border agree. At Khazra, a pretty village between mountains, a local KDP leader called Zrar said his forces lost 23 dead falling to hold back the PUK supported by Iranian artillery fire last month. Their position became even more dire when one of their officers, changed sides with 100 men.

Shaking his head in wonderment, Zrar said: "After the fall of Arbil we were able to take our positions driving our cars."

Day after day, PUK members are giving up their weapons and surrendering. I don't believe they will be able to send a group over here for a year."

In the vast Kurdish mountains small groups of guerrillas can survive and fight, but to do so requires high morale and resolution. The word *pesh marga* means literally "those who face death", but the last month has shown that many recruits, paid 1,000 dinars (£22) a month, often six months in arrears, have no intention of getting killed for a warlord on the losing side.

This is not to say that all 3.5 million Kurds, including KDP members, are not deeply shaken by Mr Barzani's alliance, however brief and tactical, with Saddam. But so long as Iraqi troops do not enter Kurdistan and Mr Barzani can provide peace and better living conditions, the majority of Kurds are likely to support him.

Kuwait to play host to additional US troops

Washington (AP) - Kuwait has agreed to allow additional American troops to be stationed on its territory, the White House said yesterday. A White House spokesman, Mike McCurry, said the move was a "very important step" in the fight against terrorism. "We can't continue to let the threat of terrorism be a constant in our lives," he said. "It's not a discussion we can afford to have."

The US military continued in the Gulf despite the fact that Secretary William Perry found little support from the old Gulf war coalition. The US had attacks on Iraq, but the coalition was not as strong as it once was. However, the alliance is still important. "We are not going to let Iraq retreat from its position in the Gulf," he said. "We are not going to let Iraq retreat from its position in the Gulf."

US finds little Gulf war fervour left in Turkey

HUGH POPE
Ankara

There were gifts and fine words for William Perry, US Defense Secretary, here yesterday but a snub from Necmettin Erbakan, the new pro-Islamic Prime Minister, showed how confused the Middle East policy of Turkey, a Nato member, has become. Ankara was juggling several balls as Mr Perry breakfasted with Tansu Ciller, the Foreign Minister, chatted with President Suleyman Demirel and accepted a presentation plate from the chief of general staff.

If a substantive proposal of action against Iraq was canvassed during Mr Perry's meetings in Bahrain, Kuwait, Saudi Arabia, Turkey and Britain, it did not leak out in Ankara. Diplomats privately doubted there was one.

Officials said he did not even raise the possibility of using Incirlik airbase, southern Turkey, for a strike on Iraq. Like Saudi Arabia and Jordan, Turkey had made clear it would offer its use during the first round of US cruise-missile attacks.

There has been a big change in Turkey's political climate since the enthusiastic support for US policy under the late president Turgut Ozal during the Gulf war. Asked for a morning meeting yesterday by the hard-pressed Mr Perry, Mr Erbakan replied that he could not return from his weekend holiday home until the afternoon.

He has remained silent on the crisis that has followed Baghdad's intervention on the side of the Kurdistan Democratic Party (KDP) in northern Iraq.

One reason is that Mr Erbakan has been consistently pro-Iraq. Since coming to power in July, he has preferred to duck any issue that might bring him into conflict with the pro-US armed forces. Another reason for his reticence may be that he is embarrassed by setbacks to his vision of friendship with Turkey's Muslim neighbours. None of his overtures to Iraq, Iran, Libya or Syria has had the effect he hoped for.

Relations with Baghdad have improved but the Iraqis rejected proposals for a security zone in north Iraq to deter Turkish Kurd rebels of the Kurdistan Workers' Party (PKK). Even Libya rebuffed Mr Erbakan, an-



Perry: Snubbed by the pro-Islamic Prime Minister

gered by Turkish dealings with Israel. His worst miscalculation was over Iran, the first country he visited as prime minister. At the weekend, PKK attacks launched from Iran left 13 Turkish soldiers dead.

Like other countries, Turkey has been confused by unpredictable events. It is frustrated the UN-monitored oil-for-food deal has not gone through, since it wants a restoration of pipeline transit revenues and a renewal of commerce with what was its second most important trading partner.

But it has not all been bad. An ex-convoy, Sukru Elekdogan, said some aspects of the realignment in north Iraq suited Turkey, as it means restoration of the territorial unity of Iraq and an end to any dreams of an independent Kurdish state.

Such are the local details of a national race in which Mr Clinton holds a lead of between 12 and 20 points.

While the Dole campaign is forced to waste its most precious resources - money and its candidate's time - in places like Virginia and Florida, normally blue-chip Republican strongholds but this year toss-ups, Mr Clinton has the luxury of carrying the battle into states where Democrats usually do not have a prayer.

Arizona, for instance, has voted Republican in every election since 1948, but Mr Clinton spent a day in the state last week, buoyed by polls showing he has a fighting chance of carrying it in November. He is neck and neck with Mr Dole in Texas, and ahead in Indiana which last went Democrat in 1964.

Such are the local details of a national race in which Mr Clinton holds a lead of between 12 and 20 points.

Wooden Dole flounders as Clinton races on

RUPERT CORNWELL
Washington

Pity poor Bob Dole in his chase to recapture the White House for the Republicans this autumn. Both by the gods and by Bill Clinton, he is outmanoeuvred at every turn.

He offers a risky 15-per-cent tax cut to revive a sinking economy. Except that the economy, little thanks to the White House, now is its strongest in decades. He planned to berate his opponent's failure to implement welfare reform - only to see Mr Clinton last month sign, and claim credit for, a largely Republican welfare bill.

Yesterday the pattern seemed to repeat itself. Turning to crime and drugs in his search for an issue to reinvigorate his candidacy, Mr Dole delivered a major speech in Philadelphia in which he vowed to double federal spending on prison building, stiffen sentences for violent criminals and force offenders to pay compensation to their victims.

Defiantly, he linked a supposed lack of "character" among the President and his circle of younger White House aides with the surge in teenage drug abuse since Mr Clinton came to power, lambasting the "wink-and-nod policies of this Administration," which he accused of operating a "liberal living laboratory of leniency."

Normally such rhetoric would undermine the Republicans' chosen image of tough on crime, law-and-order party, which served them so well through the 1970s and 1980s. No longer however. At the very moment Mr Dole was declaring war on the criminal classes in Philadelphia, Mr Clinton was 600 miles away in Cincinnati, collecting the coveted endorsement of the National Fraternal Order of Police.

Never has a Democrat won the backing of the country's largest police organisation. But crime is another issue Mr Clinton has stolen from his foes. The Republicans may huff and puff, his campaign insists, but their candidate has delivered, by sponsoring laws banning various assault weapons and putting tens of thousands of new police officers on the streets. Both measures, notes the Clinton camp, were opposed by Mr Dole.

What is more, the White House can brandish statistics showing that in most categories, with the glaring exception of drug use among the young, serious crime has begun to recede - not least the murder rate in many big cities, led by New York. And the public seems to be buying the argument.

Nothing more clearly bespeaks the current state of the electoral contest than the candidates' travels.

While the Dole campaign is forced to waste its most precious resources - money and its candidate's time - in places like Virginia and Florida, normally blue-chip Republican strongholds but this year toss-ups, Mr Clinton has the luxury of carrying the battle into states where Democrats usually do not have a prayer.

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This billionaire could do democracy a favour

For Jimmy Goldsmith let us give thanks. His party, his network and his views are in revolt; and in part, revolting. We would be mortified if he had a chance of winning power in the next election. But he has one big thing on his side: the central tenet of the Referendum Party, no matter how objectionable its real agenda may be, is correct. There should be a referendum before Britain embraces a single currency.

Ever since the billionaire set up his Euro-sceptic party, the Tory establishment has been seething. Goldsmith's views on Europe are not, for them, the problem; a large proportion of the current crop of Conservative MPs (and even more of the new candidates) agree with him that a federal European Union is the great threat of our times. No, Sir James's offence has been to operate loudly and effectively against the Tory party. Candidates are to be fielded against Europhile Conservatives, especially those with small majorities, threatening marginal seats and pressuring wavering Conservatives to move to the right. Until John Major intervened, Sir James was even providing Euro-sceptics in the Conservative party with funding to agitate against the leadership line. No wonder so many Tory MPs hate him.

So we have a curious phenomenon: a right-wing, protectionist plutocrat, reviled by our MPs, claiming to defend democracy against them.

Up to a point he is right. To the extent that Goldsmith is supporting a referendum of the people against the paternalism of the Conservative establishment, his is a worthwhile crusade. Many voters will sympathise with his populist demand that the people should make decisions over sovereignty, rather than "a bunch of clapped out politicians".

Moreover, joining a single currency is exactly the kind of issue on which the public should be directly consulted. Whether we are excluded from the European economic mainstream while the French and Germans embrace currency union without us, or we give up control of monetary policy to a European central bank, the implications for our prosperity and our freedom of manoeuvre will be considerable. Either path will be fraught with risk, so our government needs to be backed by democratic consent before it sets out.

But let us be honest about Mr Goldsmith. His party is hardly the political wing of the Demos think-tank, campaigning to take democracy closer to the people. Catch Sir Jimmy campaigning for Scottish devolution, city mayors, or citizens' juries? Sadly not. The Referendum Party wants a referendum simply because members think that on this subject the British people will vote no. You can bet Goldsmith's party would be quick to change its name if the majority sentiment in the country started to swing in favour of the euro.

The truth is that Sir James and his pals are not just anti-euro, they are anti-everything to do with the European Commission. Yesterday, Sir James claimed that the EC was spreading "propaganda to put people to sleep so that this nation ceases to be a nation". His manifesto includes demands for an emasculated EC and Court of Justice. Failing this, Sir James thinks that Britain should withdraw from the EU altogether – a prospect which would be extremely damaging for British business and the British economy.

But Europe gets off lightly in Sir James's book compared with the rest of

the world. The one consistent theme in his statements and writings is his obsession with protectionism. Only barriers to free trade, according to Goldsmith-speak, can prevent us being overrun by the tiger economies. But while trade barriers might, at a push, protect a few of Sir James's billions, the limits on trade would hurt British consumers and make our businesses and workforce less competitive and prosperous in the long term.

Of course the Referendum Party will not win power in the next election. Sir James is not about to sweep into Number 10, change the curtains and wreak havoc with Britain's European rela-

tionships. But what he might do is push the Conservative party dangerously to the anti-European right.

On the way, however, he and his cronies could do us a small service. It is no accident that Sir James has chosen to stand against the deeply unpopular David Mellor. The former Heritage Secretary – he of toe-sucking fame, who left his wife for another set of toes entirely – cheerfully devotes his parliamentary time to money-making in broadcasting and mysterious consultancies. Paradoxically, Sir James's challenge could cost Mellor his majority, and let the Labour candidate in instead.

But if we are lucky, Sir James and his party could prove the vehicle for a more important democratic change than riding Westminster of a smug MP. Maybe the main parties will be shamed by Sir James into embracing referendums themselves. Conservatives, Labour and Liberal Democrats should recognise the value of direct questions to the public, especially on issues as important as Europe. In a mature democracy, voters should be given the opportunity to engage in the public debate and participate in decision-making.

As for those pro-Europeans who fear that the public will vote against either a single currency or even continued membership of the European Union; they should have more faith in their own persuasive powers and in voters' ability to make wise judgements. Until

they do, Goldsmith can use his call for a referendum to gain legitimacy for a fiercely anti-European programme, whose elements and rhetoric border on xenophobia. Sir James may not be a reliable champion of democracy himself, but he may prove the vehicle for democratising our mainstream political parties.

Riches brought from afar

The new TV life of Cecil Rhodes – which seems, amazingly, to be both politically correct in modern terms and respectful to the great imperialist – has the young diamond digger standing on a Kimberley hill exulting in his pride as an Englishman. Let those who care about this country look to a near contemporary of his for a better focus of national pride. That is Joseph Conrad, who has suddenly been discovered by film makers. That Polish Conrad – self-taught in English – could win fame and fortune as a novelist may say something about the adaptability of English. It certainly says something about the great gains that flow from open-handedness towards foreigners. Conrad may turn out to be a great screen writer. In the meantime he should certainly be required reading for home secretaries of all parties and nationalists of all hues.

LETTERS TO THE EDITOR

Don't ignore costs of a bigger Nato

Sir: Further to Tony Barber's and Christopher Bellamy's articles on Nato and European Union enlargement (13 September), the possible combined costs of the concurrent expansions of the EU and Nato for all those concerned – existing members and would-be members – are still unknown, and therefore undiscussed.

The US ambassador to Nato, Robert Hunter, did not deal with costs in his (generally upbeat) address on Nato enlargement at the Royal United Services Institute, to which your correspondents refer – though the matter was raised in discussion. But surely the costs of these expansions must now be central to our plans for each of them.

There are some US estimates for Nato enlargement – from the Rand Corporation (a Washington defence think-tank) and the US congressional Budget Office – but the British government, despite its usual concern for "value for money", claims ignorance.

Yet any enlargement of Nato will require parliamentary approval throughout the existing membership (including two-thirds approval in the US Senate) and certainly the immediate and long-term costs will figure importantly for all of us.

With Nato, there are still unresolved questions – sitting nuclear weapons on East European members' soil, for instance: does the Non-Proliferation Treaty allow it? And about Article 5, which promises equality for all in what Tony Barber calls the "cast-iron security guarantee": how many more states can we sensibly offer this to, and how?

And what is to be Nato's relationship with the all-Europe organisation for co-operation and security in Europe (OSCE) to which, in some sort, Nato must be subordinated, despite the United States' "leadership" role in Nato and its only equal role in OSCE?

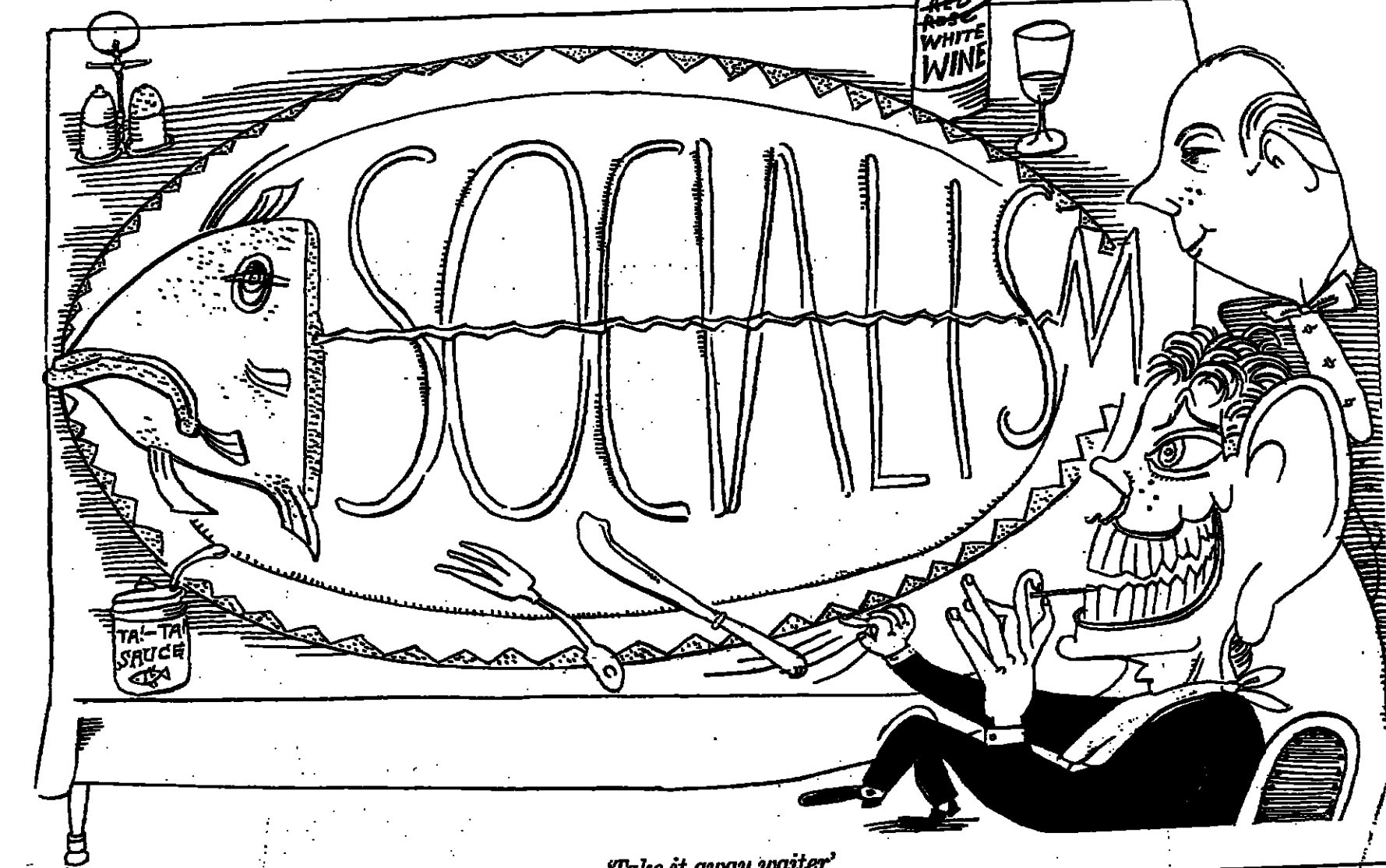
It is sometimes said that Nato and the EU, though both living in Brussels, are like "ships that pass in the night". OSCE is another ship out there in the dark, and all this multilateral non-communication grows increasingly absurd, and increasingly confusing, and probably increasingly expensive. ELIZABETH YOUNG, London W2

The blame for gambling fever

Sir: The fact that an increase in gambling facilities inevitably leads to an increased incidence of disorder resulting from excessive gambling ("Britain's 1.5 million problem punters", 13 September) has been known for a long time. In a number of papers in the 1970s based on clinical cases, I drew attention to this sequence of events.

The long-term results of the treatment of excessive gambling are not very encouraging. As in the case of alcohol, if one is to influence those who gamble excessively it is necessary for the whole population to shift to lower levels of participation, with a policy encouraging moderation.

In the present circumstances, where gambling is being actively encouraged, the offer of treatment can become a device whereby the authorities attempt to avoid responsibility for ensuring correct



"Take it away waiter"

public policies. Ultimately, prevention is better than cure.

DYER MORAN
Chairman
The National Council on Gambling
London N14

Saddam's Iranian mercenaries

Sir: Hossein Mir Abedini (letter, 7 September) denies that forces of the People's Mujahedin of Iran were involved in the recent fighting at Arbil and adds that "for years the Iranian Resistance has emphasised that in no way has it or will it ever get involved in Iraq's internal affairs".

The People's Mujahedin of Iran has a history of conflict and rivalry with Kurds opposed to the Baathist regime in Baghdad, especially the Patriotic Union of Kurdistan led by Jalal Talabani.

As a former member of the People's Mujahedin, I can testify that immediately after the second Gulf war (March 1991), the Mujahedin military force, which is entirely funded and equipped by the regime of Saddam Hussein, went into action against rebellious Kurds alongside the Iraqi Republican Guards. On 14 March 1991, a sizeable Mujahedin force attacked PUK forces near the town of Koi Sanjaq, razing nearby villages to the ground and killing many civilians. Maryam Rajavi, joint leader of the Mujahedin, issued a communiqué ordering Mujahedin troops to "run over" fleeing Kurds with their tanks.

In May 1993, a Mujahedin platoon infiltrated the outskirts of Sulaymaniyah and seized 13 PUK peshmergas. These peshmergas

were then handed over to the Iraqi Mukhabarat secret police. Their fate is unknown.

It is evident that since the Mujahedin presence in Iraq is dependent on the survival of the Saddam Hussein regime, the Mujahedin are willing to act as mercenaries for this anti-human regime.

HUSEIN PIRNIA
Abingdon, Oxfordshire

Proven record for Prozac

Sir: The article "The brave new world comes one step closer" (12 September) quotes Professor Steven Rose as stating that there is no logical reason why the antidepressant Prozac is legal yet the more potent ecstasy is illegal.

There is in fact one very good reason. Prozac has lived all its life in the scientific and clinical spotlight. Discovered in 1972, it was the subject of extensive research before being submitted to the UK and 90 other regulatory authorities who carefully assessed its effectiveness, safety and quality before licensing it as a prescription medicine for the treatment of very specific conditions. Prozac's effect on millions of patients has been monitored by health professionals, regulatory authorities and the manufacturers, and its value as a treatment for clinical depression, bulimia nervosa and obsessive compulsive disorder confirmed.

Ecstasy, on the other hand, languishes in a shadowy world of clubs, bars and back-street garages,

its effects unmonitored, its safety unknown, and its quality unregulated.

The article asserts that "Prozac has been implicated in unusual behaviour" and cites a single case involving a man with a history of mental illness who ran amok and killed a number of colleagues. This incident occurred in the US, and in 1991 the American Food and Drug Administration called upon a panel of experts to examine whether there might be a link between Prozac and violent behaviour. That panel found no credible evidence of a causal link.

DEREK G ANTHONY
Manager of Corporate Affairs
Lilly Industries Limited
Basingstoke, Hampshire

C of E cannot stand alone

Sir: The Dean of Wells's rehearsal (Letters, 14 September) of the traditional Church of England mantra about ministering to the whole nation is unlikely to impress "clergy at the coalface".

Sixteen thousand church buildings makes an average of more than two per parochial minister. Take into account the number of assistant curates, those on holiday, day off, sabbatical, ill or in domestic disarray and the number actually "on the beat" shrinks alarmingly. The discrepancy between what the C of E delivers in theory and in practice is vast.

Add in the vestigial confirmation rate – one person in a thousand per annum – the revolution in the

marriage market, the unavailability of clergy for funerals in urban areas and the number of dioceses balancing their books by interregne, and any rational person must conclude that another way forward is necessary.

As always, the Holy Spirit provides. Ministry to the whole nation is being renewed in those places where churches of all traditions are working together in a common task, not repudiating their denominational inheritance, but laying aside the exclusive arrogance and alienation which has impeded the Christian cause for generations.

Examples of good ecumenical practice abound up and down the country. The sooner dignitaries lay aside the illusions fostered by their mode of appointment and use their ability and creativity and the resources at their disposal to work ecumenically, the sooner things will begin to look up for the churches.

DAVID FERRY
Shared Parish Church of St Augustine Skirlough, Humberside

Warhol censored

Sir: I know Britain is very skilled at developing collective amnesia over its own reactionary history and cultural cowardice, but any retrospective assessment of the films made by Andy Warhol and Paul Morrissey (12 September) should have pointed out that nearly all the titles mentioned were, when they were first made, either banned from public exhibition in this country or shown only in cut versions.

DAVE GODIN
Sheffield

Findings don't condemn poor

Sir: We recently showed that birth complications combine with maternal rejection in predisposing people to violent crime ("Seeds of violence sown in the cradle", 3 September).

In commenting on our findings, Clare Prout (Letters, 11 September) felt that lack of financial resources, more than a genetic predisposition to be bad parents, was the crux of the problem, and that there was a simplistic suggestion that "the poor breed violent offspring".

First, we should clarify that while birth complications are a biological factor, they are more likely to be environmentally than genetically determined. Furthermore, the evidence for a genetic predisposition to violent crime is not strong.

Second, some of our most recent research has shown that poor people who are good parents and whose babies do not suffer birth complications actually have offspring with low rates of adult violence.

While we believe that poverty plays a role in predisposing to violence, it must not be forgotten that many poor people do not commit crime.

We are further convinced that biological factors also predispose to violence, and that to successfully prevent future violent crime we need to take into account the complex interaction between social and biological processes. Professor ADRIAN RAINE, Department of Psychology, University of Southern California, Los Angeles, California, USA

Tower a threat to St Paul's skyline

Sir: In 1934, a previous Surveyor to the Fabric of St Paul's, Godfrey Allen, foresaw that the changing skyline of London could threaten the world-famous image of St Paul's Cathedral rising above the city ("Will Sir Norman Foster's building be the tallest in Europe, or just pie in the sky?", 10 September).

He devised a set of guidelines, known as the "St Paul's Heights", which limit the height of development within a certain area around the cathedral. These guidelines have been administered by the City planning authority ever since. More recently, protection has been given to long-distance views of the cathedral from as far away as Richmond Park and Greenwich.

Norman Foster's proposed London Millennium Tower does not lie within the area protected by the St Paul's Heights, nor does it infringe any of the selective long-distance views. Nevertheless, it introduces to London a quantum leap in scale which raises questions about the value that Londoners, and indeed the nation, place on the image projected by the skyline of the city.

It is understandable that in the absence of a unitary authority for London, the City should wish to encourage a building which expresses its dominance over adjoining areas; but all who value the potent image of the dome of St Paul's rising above the rooftops of London should be aware of the full extent of the height from which the Millennium Tower building will, if built, look down on Wren's masterpiece.

The respective heights are 385.5 metres (Millennium Tower) and 111.5 metres (St Paul's Cathedral). MARTIN STANCLIFFE, Surveyor to the Fabric of St Paul's Cathedral, York

Loving parents spare the child

Sir: Martin Gompertz (Letters, 13 September) writes: "The parent strikes the child, but this is no assault." A parent striking a child in many cultures which we would consider primitive or undeveloped would be regarded as an act of insanity.

The most effective way of teaching a child to be reasonably obedient (and heaven preserve us from the totally obedient robot) is to withdraw the outward signs of approval. The child experiences this as a withdrawal of what sustains it – parental love. Of course, if the parent regards the child as an object to be controlled, then it is unlikely that this natural discipline will work, because the child will have experienced little love, and will have formulated its own strategies for survival. Co-operation is unlikely to be one of them.

SOPHIE BUNHILL, Ely, Cambridgeshire

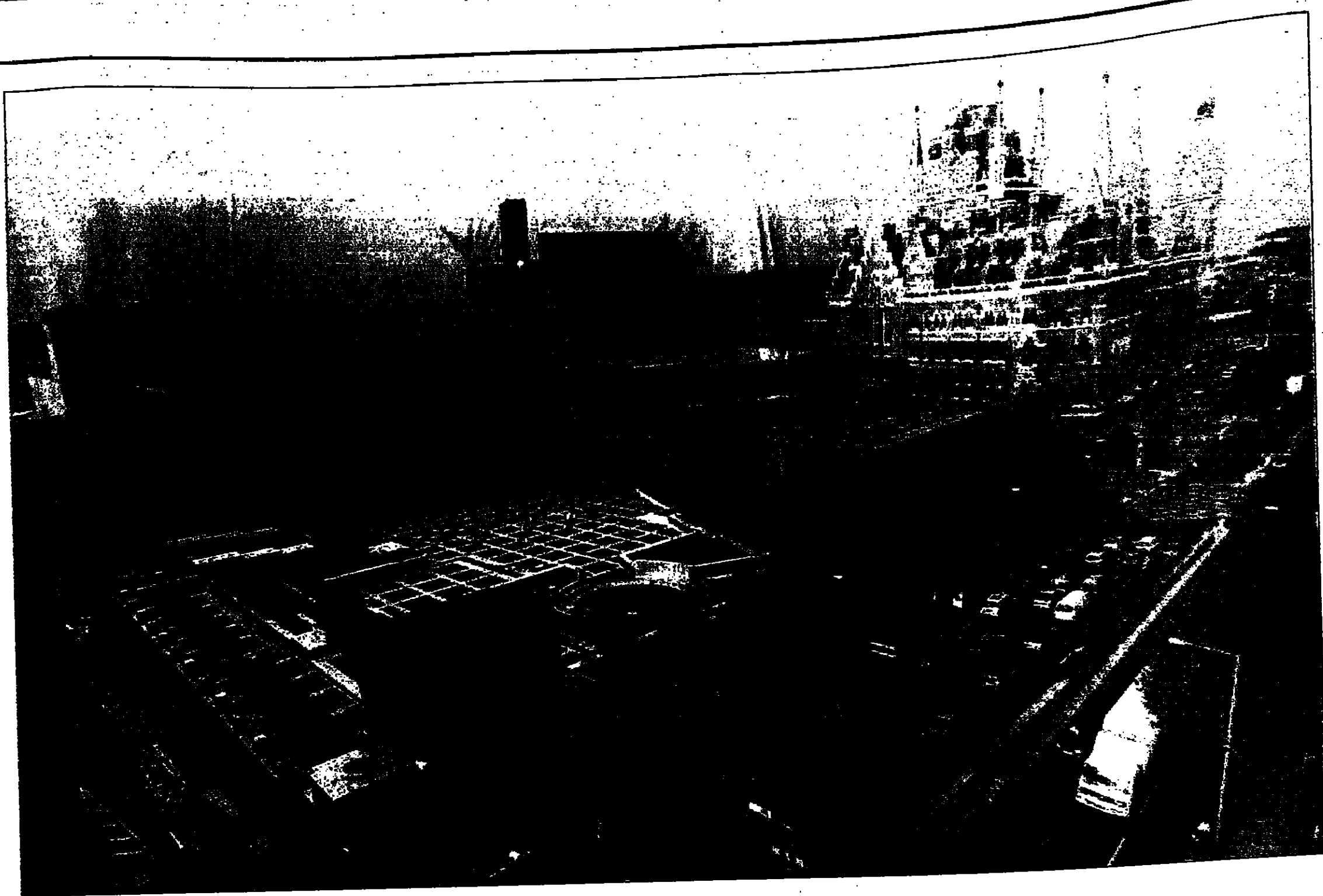
Bigger fry?

Sir: It is interesting that the latest revelations on New Labour and the trade unions took place in a seafood restaurant ("A feast of Dover sole, Chablis and a politician lightly grilled", 14 September). In bygone times, would that have been a chip shop?

PETE BRINTON, Thru, Cornwall

essay

The British Library may be worthy; it may also be the focus of a conspiracy theory surrounding Cambridge architects; but compared with its rivals at the Biennale, it's a sure winner. Jonathan Glancey in Venice sings its praises



A little Buggins goes a long way

When the great library at Alexandria was torched by barbarians, the citizens of what survived of the Roman Empire wept and gnashed their teeth. It was as if the whole of classical learning had been destroyed at a stroke. Or, in today's terms, as if some virile computer virus had wiped clean the central databank that held the story of western civilisation.

Libraries mattered 2,000 years ago; they matter today. Tears were shed for the fate of the library that nursed the original texts of Aristotle, amongst many great authors whom we know today only through the diligence and, to an extent, inaccuracy of the religious orders who kept alight the flame of learning during the Dark Ages. But it appears that no one cares for the colossal

British Library nearing completion alongside St Pancras Station in latter-day London. Quite the reverse. The £450m building, due to open next year, has been under attack for years. Perhaps surprisingly then, from this week until mid-November, the library is the principal representative of British architectural culture at the Venice Biennale. This is the one big opportunity for architects from around the globe to show their wares to one another, to potential clients and to a large and curious public.

When the British Council, which organises the British Pavilion here, announced its decision to make the British Library the star of its show, the architectural press bleated, as with one voice, "No to the library". How could the British Council choose this ungainly and outmoded public monu-

ment? After all, Britain over the past decade, and certainly since the last Biennale held four years ago (the 1994 event was in effect closed for restoration - *chiuso per il restauro* as they say here) has produced some of the most radical and sophisticated architecture in the world.

British architects have been much in demand, prophets perhaps without too much honour in their own land, but welcome ambassadors of contemporary culture abroad. And what of a younger generation of architects? Why bother with a building that is unpopular even before it has opened, when we could be using the Biennale to display the talents of an up-and-coming generation?

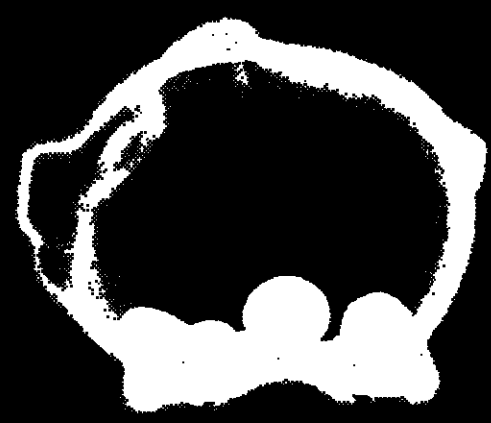
The temptation is to jump to a conclusion that could be true in part, but would unfairly distort the case for the library. The exhibition at the British Pavilion has been organised on behalf of the British Council by Michael Brawne, a veteran architect who first taught in the Department of Architecture at Cambridge University, where he has also been a member of the advisers committee of the Martin Research Centre. Sir Leslie Martin, who lends his name to this academic body, was for many years Professor of Architecture at Cambridge. One of his pupils and an architect he was to employ was Colin St John Wilson, architect of the British Library and also a former Professor of Architecture at Cambridge.

Alongside the exhibition of the British Library at Venice is a presentation of the up-and-coming (and very fine) Ruskin Library for the University of Lancaster by MacCormac Jamieson Prichard. Richard MacCormac was a pupil of Professor Wilson at Cambridge. By this time, conspiracy theorists will be making knowing noises. These gentlemen architects were at school together, and clearly it's Buggins' (ie "Sandy" Wilson's) turn to take a bow and show Johnny Foreigner what the Light Blues can do: the most expensive building recorded in British history for one thing. Given the hostility hurled at the immense walls of Wilson's library, it is easy to believe in such a complacent conspiracy. However, if there is something in it, there are mitigating factors.

Amongst these is the undeniably intelligent theme of the British pavilion: "The Architecture of Information". Brawne has curated a show that is consistent, relevant, crystal clear and good-looking. With very few exceptions, the other pavilions of the Biennale are inconsistent, irrelevant, perplexing and even potty.

The clearest national message of all, however, comes from the American pavilion. Entitled "Building a Dream: the Art of Disney Architecture", the American show is an intimate collision between the wonderful world of Walt and big gun US architects; so much so, that the message given by the US pavilion can only be that Disney is American architecture.

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A pretty stage set awash with criticism



Miles Kingston

Last Thursday, as I was saying yesterday, I was taken to a highly seductive evening of theatre at the Rondo in Larkhall. Larkhall is a small village just outside the city of Bath that has nearly but not quite been swallowed up by Bath. (Bath of course is a city that was once famous for its waters and is now notorious for having no spa facilities available or swimming pool open.)

The point of this play was that the central character was a medical officer working for a town that depended on its baths for its income. The medical officer was about to unveil a report showing that the spa water was contaminated, mostly by the effluent from an abattoir higher up the hill, but the mayor, instead of taking action, blackmailed him into silence. The mayor, his brother, thought that the matter of health was much less important than the profitability of the business community and the reputation of the city council, and refused to rock the boat. So did everyone except the doctor...

What came across was the picture of a smug town whose reputation was not backed up by performance. Small wonder that people in the audience were going round afterwards saying, "Humm - not a million miles from our own dear Bath!" You might have thought, from what they were saying, that Bath City Council would consider suing the playwright for libel. This, however, would be difficult as the playwright, Ibsen, was long dead, and his play "An Enemy of the People" was written 100 years ago.

"You'd be surprised what resonances the play still has," one of the actors in this excellent Orchard Theatre production told me afterwards. "We started our tour in Taunton earlier in September, at the Brewery arts complex, which was just having a grand reopening, so they asked the mayor and some local bigwigs along to the evening of our performance. I don't think they quite realised that this particular Ibsen play is an attack on the complacency and corruption of so many small-town establishments... What made it even more piquant was that one of the local bigwigs at Taunton owned a local abattoir, and he was incensed by the bad press that abattoirs got in the play. You should have heard him sounding off afterwards!"

Taunton may be sensitive, but the city of Bath is almost immune to criticism. This is partly because Bath's rugby team has made it feel invincible and partly because Bath has been nominated a World Heritage City, which makes it feel it is beyond reproach. Actually, all that being a World Heritage City means is looking like a grand stage set - 200 years ago Bath was turned into a pretty Georgian playground of a town, and although most subsequent buildings in the place, under the aegis of or with consent from the council, have been hideous, it is still a very pretty stage set, though often more show than substance, as one look at the shoddy backside of the famous Puffeneury Bridge will reveal.

I'll give you another example of how there is more polish than performance. A year or two back it was decided to hand over the running of the Bath public swimming pools to a private company. (There used to be several different public baths in Bath, but an all-wise council had closed almost all of them down.) It was awarded to the lowest tender, which came from a company trailing a bad record behind it - I met an employee of the council at the time who told me he had found out that this company was already in trouble elsewhere, but he could not

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Time to win some political gold medals

Election canvassers in the forthcoming general election should not be surprised to be told on the doorsteps, "You politicians are all the same." It may sound like a denial of the value of the vote. But when Polonius played the politician with Hamlet, the Prince aptly responded "Words, words, words..."

Some cynicism about our politics is unsurprising. It seems that the poor are always with us and the rich seem to manage. And the going is not easy for the great mass in the middle. If governments are to be judged by industrial investment, scientific innovation, educational opportunity and social provision, we had better admit that the gold medals are going elsewhere. Furthermore, there is some cross-party convergence of attitude as to the constraints upon fiscal and monetary policies. The public might reasonably doubt that the next election will mark a historic break with the past.

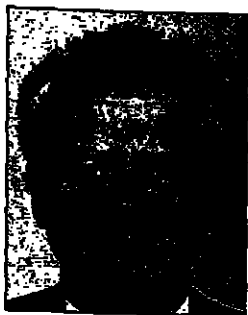
That is not, however, the full story. The next general election could herald significant change. The Liberal Democrats' long commitment to reform, speak in shorthand of "the need to clean up the mess". Labour, too, has challenged the view that the Westminster model of parliamentary government is all for the best. The Tories relish the challenge. As we approach the end, or perhaps the beginning, of a regime (for the Conservatives have been in office for some 35 of the past 75 years), there is a rare opportunity to confront the need for radical, systemic change.

Modernisation in other countries has followed the horrors of war and revolution. In Britain we are prompted only by the inadequacies of our inheritance. The well-chronicled faults include the dominance of the Executive over Parliament, overcentralisation, excessive secrecy, an insufficiently representative legislature, weak remedies for the abuse of public power and, perhaps most widely resented, the failure to meet people's aspirations.

There is a strong temptation to play down constitutional reform in elections. It is, after all, about means, and the conventional wisdom is that people are concerned about ends, about health, jobs, crime. There is, however, a glimmer of hope that the public recognises that constitutional reform is needed to help those elected to achieve the purposes for which they are elected. It could help to repatriate some of those lost gold medals for good government.

Where do the principal parties stand? The Conservatives' preference for the status quo is easily understood for it has served them well. Labour has a reform agenda and some commitments. Nationalist pressure in Scotland, the stacking of the House of Lords against them and the sweeping aside of old constitutional conventions – such as ministers owning up when found out, and fairness in making public appointments – have helped to bring Labour to this watershed.

This week, the Liberal Democrats are pub-



Robert MacLennan

Parliament cannot win the public's trust without wholesale reform

lishing a Constitutional Declaration and the text of a Reform Bill which could give effect to the core principles and provisions of the reform agenda. It shows how the interrelated elements of reform can best be implemented in one Act to achieve a coherent system of government for the UK.

To take one example: the transfer of powers to a Scottish Parliament cannot leave untouched for long the numbers and authority of Scottish MPs at Westminster. Similarly, an all-appointed upper House might deal with the problem of the political imbalance of the Lords but scarcely strengthens its democratic authority.

The Reform Bill would therefore tackle all these issues together. The two Houses of Parliament (their membership reduced but their powers over the Executive strengthened) would be reformed, along with provision for home rule for Scotland and Wales, fair voting systems and referendums. In particular, it would democratise the upper House, providing first for indirect election by the two Houses of Parliament and, subsequently, direct election from the nations and regions of the UK. It would offer a framework within which the elements in different regions of England could, by referendum, opt into regional government. The Reform Bill will specify which matters would be the exclusive responsibility of the nations and regions, which would be shared and which would remain the responsibility of the Westminster Parliament.

The Bill would provide that the next House of Commons, elected by a fair voting system, would be elected as a constitutional convention. Following the holding of a national referendum it would have the power to entrench the country's constitution.

That constitution would be the basic law of the UK, deriving its validity from the people, defining and separating sufficiently the powers of Parliament, the Executive and the judges. In particular, all executive powers would be derived from the constitution and not from the royal prerogative. Thus, for example, it would not be open to the Prime Minister to fire the starting-gun in an election since, by constitutional law, Parliaments would run for a set term only to be varied by Parliament itself.

Constitutional reform cannot be played like a game of grandmother's footstools in which forward movements can only be made when no one sees them. Furthermore, it is unrealistic to believe that these interconnected issues can be sensibly spread across several sessions of Parliament displacing the bread-and-butter legislative needs of government. If the time for reform is missed then, no doubt, future elections and their results will revert to type. The disappointed public will continue to sigh on the doorstep: "You politicians are all the same."

The writer is Liberal Democrat MP for Caithness and Sutherland.

Is Europe driving Germany up the wall?

By Tony Barber



Is Germany getting fed up with Europe? When a diplomat from a big European country recently put this question to me, my instinct was to dismiss it as absurd.

How could Germany be suspected of such restlessness when it has moved heaven and earth since 1945 to merge itself indissolubly with its European allies? Surely Chancellor Helmut Kohl's relentless determination to achieve European monetary and political union is proof that Germany is solidly anchored in Europe?

And yet, and yet. Something is changing in Germany. The European ideal that defined the country's post-war identity and mission, and which did so much to connect the political establishment with public opinion, seems to matter less now to ordinary Germans than at any time since 1945.

One recent survey suggested that only one in three Germans thinks that membership of the European Union is a significant benefit. Polls consistently underline the scepticism of Hans in Hamburg and Franz in Frankfurt about sacrificing the mighty mark for the untried and untested euro, as the planned European single currency has been christened.

There are even cracks in the political edifice. Among those who have questioned the wisdom of Mr Kohl's drive for monetary union at all costs are Gerhard Schröder, a senior opposition Social Democrat in Lower Saxony, and Edmund Stoiber, the right-wing premier of Bavaria.

Germans are not becoming anti-European. In the Tory Europhobic sense of harbouring a secret desire to pull their country out of the EU. The public mood, however, has shifted perceptibly since the unification of Germany in 1990.

By bringing together west and east Germans in one country and clearing up the status of Berlin, unification removed important constraints on German foreign policy and on the way Germans look at Europe. They have a stronger sense now of when something is in Germany's interest and when it is not, and when it is not they are more willing to resist.

already little enthused about the EU, could turn hostile if they suspected that Brussels was denying them money and jobs. For despite hundreds of billions of marks in financial transfers since the fall of the Berlin Wall, east Germans are still the poor relations of their western kinsfolk.

They have strongly supported Saxony's premier, Kurt Biedenkopf, for cutting the deal with Volkswagen, and they have made it plain that they could not care less about EU regulations. As the Potsdam newspaper *Märkische Allgemeine* put it: "The cold-bloodedness with which Mr Biedenkopf has bro-

ut of work – the highest number since Hitler's time – and their government is imposing austerity measures in order to meet the Maastricht treaty's conditions for launching the single currency. Inevitably, public attitudes are feeding through into government policy.

Thus Mr Kohl has successfully squashed proposals by Jacques Santer, the EU Commission's president, to launch a grand Europe-wide job creation scheme, funded partly out of the EU budget. It matters little to Mr Kohl that this was Mr Santer's pet project and about the only notable initiative that he has come up with since

the now notorious discussions at Chequers in 1990 that Baroness Thatcher held with a number of experts on the theme of "what to do about Germany".

The note recorded the participants' view that "the way in which the Germans currently used their elbows and threw their weight about in the European Community suggested that a lot had still not changed". However, some would say that this opinion reveals more about British paranoia than about actual German behaviour.

If Germany is less coy these days about sticking up for its interests in Europe, this is because ordinary Germans are no longer the passive pro-Europeans of the pre-unification age. This, in turn, may reflect a certain combativeness and harshness that has entered German life since the radically different societies of east and west were suddenly lumped together and told to get on with it.

Mr Kohl, aware of these trends, sometimes voices the fear that he may prove to be Germany's last pro-European Chancellor. That is why he is so keen to make a success of monetary union.

For my part, I see no reason to be alarmed about the new, more individualistic, more assertive Germany. What Professor Norman Stone wrote in 1991 still holds true: "We are in fact lucky to have the Germans around." They have learned all mightily from their awful past, looked to other countries as models and now exemplify what a modern Western country should be like."

After the euphoria of the collapse of the Berlin Wall, Germans are now questioning their role as EU paymaster

This point has emerged with particular clarity in the dispute between Germany and the European Commission over subsidies paid to the car-maker Volkswagen by the eastern state of Saxony. The Commission ruled that the payments violated EU rules, but the German government disagreed and is filing a suit against the Commission in the European Court of Justice. (The Commission is responding with a counter-suit).

The government's stance has been dictated partly by an awareness that east Germans, almost 4 million people are

ken EU law appears to be paying off."

There is frustration in western Germany, too. More and more, people suspect that the EU is taking them for a ride, draining wealth from the prosperous society that they built so painstakingly from the ruins of 1945. Small wonder that the finance ministry in Bonn is finally responding and drawing up plans to cut Germany's net contribution to the EU budget.

Germans are heartily tired of being the EU's paymaster when almost 4 million people are

taking over the Commission.

More important for Mr Kohl is that Germans should not form the impression that the EU is squandering money (more of it from Germany than anywhere else) on dubious undertakings. It is bad enough that Germans already blame the EU for operating a tariff system that causes them to pay over the odds for bananas, one of their favourite fruits.

In some ways, Germany's muscle-flexing in the EU is nothing new. Consider the memorandum that summed up

CONTINUING OUR SERIES ON THE PEOPLE JOCKEYING FOR INFLUENCE AND STATUS IN THE LATE NINETIES

Tony Blair's face is full of optimism. He has set his targets and is unlikely to let anybody get in his way... the position of Prime Minister is well within his grasp.

"Cherie has a natural appeal the fashion magazines might go for in a big way... Above all, she has the all-important relaxed look..."

Over the past fortnight, the *Daily Express* has published one photograph of John Major, two of Cherie Booth, and nine of Tony Blair. The paper's columnists, people such as Bernard Ingham and Peter Hitchens, may continue to growl and grizzle along the familiar *Smith Square* approved lines (though Ingham declared in a recent column, "By common consent, Labour is no longer unelectable"; but the message of the rest of the paper could hardly be more plain: the Blairs are the faces of the future.

It is seven months since Lord Hollick merged his flagship company, MAI, with Lord Stevens's United Newspapers, in what amounted to a takeover. And although he declares himself a hands-off proprietor, primarily interested in the bottom line, he is also among the most prominent of Labour's seriously rich supporters.

With regard to Labour, he says, "My role is to be helpful and supportive in any way I can." A moody, half-page portrait of Blair, fashion shots of Cherie, cute and wholesome in cardigan and bare feet, a beaming Blair stepping out of a helicopter – all of this is helpful and supportive. Even the banner front-page headline on last Friday's paper, "Labour to

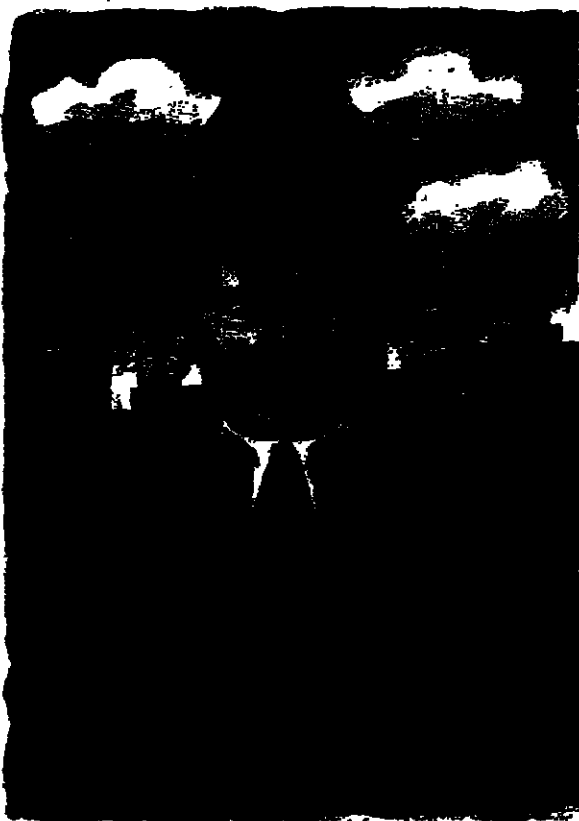
dump unions", probably did Labour less harm than good in the eyes of most *Express* readers.

Lord Hollick, 51 (right), has been a Labour party member since his teens, and was raised to the peerage by Neil Kinnock; his other services to the Labour party include helping to set up the Institute for Public Policy Research, a think-tank that is one of New Labour's most important sources of ideas. And now, as the party's great test approaches, Lord Hollick is the type of self-made grandee on whom the party is bound to depend ever more heavily, whether it does in fact "dump unions" or not.

He is believed to contribute to the party's funds; by reiterating his enthusiastic backing for Labour only days after over-seeing 85 redundancies at the *Express*, he helps to make supporting Labour look the natural choice of millionaires who know which way the wind is blowing; and if he perseveres in his attempt to Blairfy the *Express*, he could prove to be far and away the party's most useful ally in the war against the Tory media.

Despite all the union-dumping, Clause 4-re-writing and City-wooing of the past two years, Photocrats Backing Blair remains a small, select club, and new members are paraded before the press like expensive foreign signings.

The most recent, announced at the weekend, was Bob Gavron CBE, the multi-millionaire printer and publisher, who owns the Folio Society and Carcanet Press and is also a director of the Royal Opera House and the Royal



THE NEW ESTABLISHMENT

Day Two:

The Photocrats

As Labour's success grows more likely, it has to learn to live with praise from the popular press, and its own wealthy benefactors.

By Peter Popham

Ballet. He has given the party £500,000. Last week the gift of Matthew Harding, wealthy insurance broker and Chelsea FC's biggest shareholder, was announced: earlier in the year he gave £1m, much the largest single donation, and about one-sixth of what the party receives annually from the unions.

The Tories remain the natural bolt-hole of the rich, and those among them who go for Labour normally have strong reasons for doing something so apparently counter-intuitive. Dr Swraj Paul, for example, head of the Capera Group steel business, who with his family is worth £500m, points out that his allegiance to Labour practically runs in his blood: his family were ardent supporters of Indian independence (his given name, which means "freedom", was Gandhi's campaign slogan), and when he came to live in Britain 30 years ago he was naturally drawn to the anti-establishment party. The support of Lord Paul (he was ennobled in the recent honours list) is not blind, however: he gave money to the Tories during the Eighties, and is a friend of Baroness Thatcher. As recently as 1994, when he gave Labour £54,000, he also gave £5,000 to the Tories.

Some of Labour's high-profile supporters would be glad if there were a no-publicity box to tick. David Sainsbury, for example, scion of the grocery dynasty, supports Labour but prefers not to talk about it – a contrast to the eloquent Conservative of his cousin, Sir Tim, formerly a minister in John Major's government.

Paul Hamlyn, the publishing magnate who arrived in Britain

as a refugee from Hitler, has poured money into the party for years, but stays mum. And when you see the abuse that is heaped on the heads of some of Labour's wealthy, you can understand why.

Take the case of Geoffrey Robinson, for example. The MP for Coventry North West since 1976, he may, with the Open University, be one of the late Harold Wilson's most glittering legacies. Hired by the then Labour prime minister as a researcher, he was rapidly promoted to head the Industrial Reorganisation Corporation, and from there went on to head Jaguar Cars and build a fortune of his own in high-tech engineering.

Robinson is Wilson's white-hot heat of the technological revolution, embodied and still glowing. In the process of making his pile, though, he neglected Westminster. Now he is back in the spotlight as the new proprietor of the *New Statesman*, but a *Daily Mail* report that Blair was planning to give him a front-line job to "improve his [ie Blair's] credibility with industry", later flatly denied by Blair's office, provoked screams of outrage from other Labour MPs. "It's going to blunt our crackdown on company fat cats if we have one on our own front bench," one of them was quoted as saying.

Geoffrey Robinson has a Lutyns mansion in Hampshire, a villa in Surrey, a flat in the Riviera and a penthouse overlooking Park Lane and the Serpentine. He certainly sounds a fat cat.

But capitalists are like that. Labour will have to learn to love them.

Please sponsor her today, tomorrow may be too late



Tragically in many of the poorest parts of the world, one in four children die before the age of five. The sad fact is that many of these deaths could be prevented – and for very little cost.

This is where you can help. You can help provide a child and their whole community with health care, clean water, education and agricultural skills – the essential things needed for a healthier, self-reliant future.

In return, you'll receive a photo and messages from the child you sponsor. We'll also keep you up-to-date with regular progress reports from our field workers. The sooner you sponsor a child, the sooner you can give her a chance in life.

Please sponsor a child today.

☐ Please send me details about sponsoring a child, or call 01460 61073. I am interested in sponsoring in:

☐ Africa ☐ Asia ☐ Latin America ☐ Pacific

☐ I don't sponsor a child now, but would like a gift set.

☐ CD ☐ T-shirt ☐ Mug ☐ Book ☐ Pen

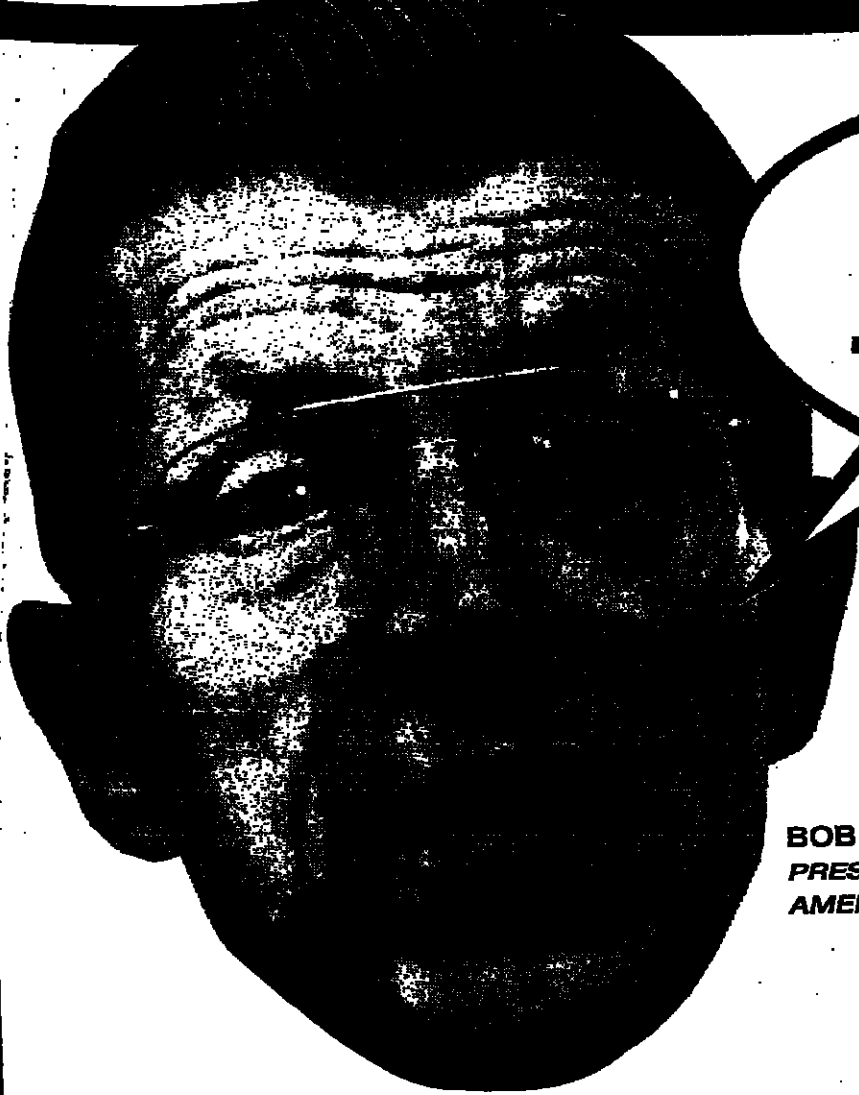
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**I think
you said
that Bob!**

BOB CRANDALL,
PRESIDENT OF
AMERICAN AIRLINES

"The dominant position of British Airways stifles competition not only from the US airlines, but also from other UK airlines resulting in higher prices and reduced service options for British consumers."

BOB AYLING ☐
BOB CRANDALL ☐

"Heathrow is full."

BOB AYLING ☐
BOB CRANDALL ☐

"It is possible to get slots at Heathrow."

BOB AYLING ☐
BOB CRANDALL ☐

"As you know we are very disappointed by the US government's recent decision to approve the extension of the British Airways-USAir code sharing agreement, which gives British Airways tremendous competitive advantages versus US carriers."

The attached book [Dirty Tricks] highlights the fervent support which the British Government has long provided for British Airways, the almost complete domination of British commercial aviation by British Airways, and at several points underscores the financial importance which British Airways attaches to preventing competition at Heathrow and on its routes beyond Heathrow."

BOB AYLING ☐
BOB CRANDALL ☐

"Surely it has been American doctrine since the turn of the century that truly free markets require full and, indeed, rigorous application of the anti-trust laws."

BA LEGAL DIRECTOR ☐
AA LEGAL DIRECTOR ☐

I think the BA/AA merger should be referred to the MMC because:

Send your entries to: 'Two Bob Doubletalk', Virgin Atlantic, Griffin House, High St, Crawley, W. Sussex, RH10 1DQ.
*This is not a tie breaker. It is just for fun.

"I'm interested to see how the justice department deal with the application. What Lufthansa and United want to do is reduce the level of competition by relaxing the anti-trust law. The justice department is required to promote competition."

BOB AYLING ☐
BOB CRANDALL ☐

"BA has monopolised, conspired to monopolise and attempted to monopolise."

USAir ☐
AMERICAN AIRLINES ☐

"Code sharing is profoundly anti competitive..."

BOB AYLING ☐
BOB CRANDALL ☐

"If the British want a deal, it will have to be pretty much on U.S. terms."

BOB AYLING ☐
BOB CRANDALL ☐

"When Airlines team up and code share they are able by means of pretending to be a single carrier to force other non combined carriers out of a market. When this happens consumers lose all the many benefits of competition."

BOB AYLING ☐
BOB CRANDALL ☐

"Raise your goddam fares 20%. I'll raise mine the next morning."

BOB AYLING ☐
BOB CRANDALL ☐

"Sue the bastards."

BOB CRANDALL ☐ FREDDIE LAKER ☐
BOB AYLING ☐ RICHARD BRANSON ☐

BOB AYLING,
CEO OF BRITISH AIRWAYS

**NO, I think
you said
that Bob!**



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obituaries / gazette

Tupac Shakur

Middle America only began to understand the depression and frustration of the grunge generation when Kurt Cobain killed himself in 1994. The death of the rapper Tupac Shakur on Friday from gunshot wounds suffered the previous weekend in Las Vegas is assuming a similar importance for gangsta rap and hip-hop fans the world over.

With controversial albums like *Me Against the World* and *All Eyez on Me* and a tempestuous lifestyle which mirrored his braggadocio and macho lyrics, 2Pac (as he was known) had become one of the symbols of the movement. But, while his demise may reinforce cultural prejudices about this violent phenomenon, it could be the catalyst that forces Bill Clinton's government finally to deal with the issues of race and gun-ownership in America.

Like hip-hop and rap, Shakur was born in New York City. In a strange harbinger of events to come, he spent time in jail while in his mother, Afeni Shakur's womb. She was one of the members of the Black Panthers arrested for conspiracy in 1970, such was her diet while behind bars that she feared she wouldn't reach the end of her pregnancy. Eventually acquitted of bombing charges, she was released and Tupac Amaru was born the following month. Unsure of the identity of the baby's father (a popular myth points the finger at a drug-dealer nicknamed Legs, now dead), mother and child moved from the Bronx to Harlem and eventually

settled in Baltimore where the young Shakur started rapping under the MC New York moniker. While studying at the High School for Performance Arts in Baltimore, he also took some acting classes which would later come in handy.

In 1988, the single mother and son made the move to the West Coast and ended up in Marin City, a small town near Oakland, California. From then on, Shakur gave up on schooling, a decision he later regretted. He became a small-time crack dealer and auditioned for an outfit called Digital Underground who had already made a name for themselves as a rather goofy act ("The Humpty Dance" was their most notable moment), sampling George Clinton's Funkadelic. After dancing and helping out the road crew, Shakur contributed to their album *Sex Packets*. Following a small part in Ernest Dickerson's film *Juice*, the rapper struck out on his own and released the album *2Pacalypse Now* in 1991.

At the time, rap was mutating into several hybrids with De La Soul, Disposable Heroes of Hip-hop and Arrested Development promoting a more laid-back positive outlook while West Coast acts like Niggaz With Attitude, Ice-Cube and Ice-T were going all out for the hardcore audience. Ice-T had an alternative outfit called Body Count which released a controversial record entitled *Cop Killer*. Whipped up by Dan Quayle and Tipper Gore, the American media bayed for cen-

sorship of rap lyrics and Shakur's first album *2Pacalypse Now* was soon cited as the reason a teenager had killed a Texas state trooper.

The court declared the evidence inadmissible but Shakur had become a force to be reckoned with. His elevation to the gangsta rapper pantheon was complete when he was arrested in New York in late 1994 for sexual assault. While awaiting trial, Shakur was again apprehended in Atlanta for shooting in the general direction of two plainclothes policemen. In November that year, he was himself the victim of a robbery and was shot five times (once in the head) while in a Manhattan recording studio.

Many observers saw this event as a disguised murder attempt on Shakur. He had signed a deal with Death Row Records, the label set up by Dr Dre and Marion "Suge" Knight, who had made a fortune from publishing some of the songs on Vanilla Ice's debut hit album. A rather unsavoury character, Knight had started a feud between his West Coast stable (also including Snoop Doggy Dogg) and the acts on Shaun "Puffy" Combs' East Coast label Bad Boy Records (including the rapper Notorious B.I.G.). The argument escalated and, following pressure from Time Warner shareholders, the record producer Jimmy Iovine's Interscope label, which distributed *Death Row*, lost its licensing with Warner Brothers and moved to the MCA/Geffen conglomerate.

Meanwhile, as 2Pac spent most of 1995 safely in Ryker's Island jail in New York, his popularity grew even more. *Rope*, a film in which he starred opposite Janet Jackson, came out among rumours that her management had forced him to have an AIDS test. Later, the film director John Singleton was forced to withdraw the offer of a film part after pressure from uncomfortable studio heads.

His *Me Against the World* album, in which he showed he was deeply aware of his own mortality (with "If I Die 2Nite" and "Death Around the Corner", for example), raced up the charts, eventually selling 2 million copies. He married his long-suffering girlfriend, Keisha Morris (the marriage was later annulled), and started work on the lyrics of *All Eyez on Me*, which came out this year following his release on a \$1.4m bail put up by his company. This strangely prophetic double self documented his state of mind and his determination to triumph over the odds and over his enemies ("Five shots and they still couldn't kill me," he bragged in one of his tracks). Sales of 5 million copies and a British hit single with the melodic "California Love" proved Shakur had a definite hold over young people worldwide but his life-style and the company he kept contributed to his downfall.

On 7 September, after watching Mike Tyson's WBA heavyweight title fight in Las Vegas, Tupac left the MGM Grand in

a car driven by Marion Knight. A white four-door Cadillac pulled alongside them and its occupants opened fire. Knight, who was believed to have been the real target of the assassination, received a minor bullet wound but Shakur, who was in the passenger seat, took the brunt of the shots. He was admitted at the University Medical Center in a critical condition. Several operations couldn't save him, and he eventually died of complications.

However, 2Pac's death seems to have united America's Afro-American community. Coolio, of *Gangsta Paradise* fame, paid tribute to a "brother who gave you something to think about, something to laugh about." John Bertoli, the producer of *Gang Related* (another sadly prophetic title), a movie featuring Shakur which is due out next year, praised "a star who could have had a really bright future. He was proud of his contribution to that film. It's sad he won't be able to see his work."

Most eloquent was the Rev Jesse Jackson, who put the whole sorry mess into perspective. "Sometimes the lure of violent culture is so magnetic that, even when one overcomes it with material success, it continues to call. Tupac couldn't break the cycle."

Pierre Ferrone

Tupac Amaru Shakur, rapper, singer, songwriter, actor; born New York 16 June 1971; died Las Vegas 13 September 1996.



Tupac: "Five shots and they still couldn't kill me"

Photograph: All Action

Jane Baxter

Jane Baxter was one of those leading ladies of the British cinema in the Thirties who seemed the epitome of middle-class breeding – sensible and practical, pretty rather than glamorous, with a delicate complexion. Perfect elocution, a beaming smile and just a hint of the coquette behind the cool exterior. A popular player, she starred opposite Richard Tauber in *Blossom Time* and made two films in Hollywood. Though her film career had waned by the end of the second World War, she continued to act in the theatre for another three decades, starring in such hits as *While the Sun Shines* and *Frederick Knott's* masterly thriller *Dial M for Murder* in which she originated the role of the heroine.

Born Feodora Forde in Germany in 1909, to a German mother and an Irish/English father, she was brought to England at the age of six. After studying at the Italia Conti stage school she made her London debut in 1925 as an Urchin in a short-lived musical, *Love's Prisoner*. Her breakthrough oc-

curred in 1928 when understudying Jean Forbes-Robertson as Peter Pan, she substituted for the ailing star for one week and was spotted by the writer Ian Hay, who suggested her for the lead in a play he had written with R.C. Woodhouse, *A Damsel in Distress* (her role was played by Joan Fontaine in the film version).

She made her screen debut in a modest B-movie, *Bed and Breakfast* (1930), but the following year had an important role in *Down River* as an insurance investigator's spunky fiancée who helps trap a murderous smuggler (Charles Laughton).

In *The Constant Nymph* (1933), the second of three screen versions of Margaret Kennedy's novel, she was one of the free-spirited daughters of a Bohemian musician living in the Alps, and the following year played a murder suspect in an early film of the director Michael Powell, *The Night of the Party* (1934). According to Powell's autobiography, he and Baxter had an affair which was abruptly terminated after his

fiancée saw them dancing together at Ciro's.

In *Blossom Time* (1934), starring Richard Tauber as Franz Schubert, Baxter charmingly played the object of the composer's unrequited passion. Her performance attracted the attention of Hollywood, where she played in *We Live Again* (1934) the Mamoulian version of Tolstoy's *Resurrection* and Harry Beaumont's *Enchanted April* (1935), a beguilingly off-beat tale of four ladies who rent a villa in Italy.

As the society belle fleeing the attentions of men, Baxter (in the role Polly Walker played in the recent remake) was convincingly blasé, but these two films were primarily vehicles for Anna Sten and Ann Harding respectively and, despite an affair with Ronald Colman which many thought would lead to matrimony, Baxter soon decided to return to England, where her films included an intriguing "perfect crime" thriller, *Line Engaged* (1935), and *The Clairvoyant* (also 1935), in which she nearly ruins Claude Rains's life by persuading him to use his

psychic powers to make money.

A theatre commitment prevented her from accepting Alfred Hitchcock's offer to star in *The Thirty-nine Steps*, which might have altered the course of her movie career. With the exception of two wartime tales, the melodramatic *Ships with Wings* (1941) in which she was an admiral's daughter loved by three flyers, and *The Flemish Farm* (1943), as the wife of a heroic Belgian pilot, her subsequent films were undistinguished and her most notable work was to be on stage.

In the producer "Binkie" Beaumont's first London stage production *George and Margaret* (1937) she was a hit as the flirtatious Frankie and six years later, when Penelope Dudley Ward quarrelled with the director Anthony Asquith during rehearsals for Terence Rattigan's *While the Sun Shines*, Beaumont replaced her with Baxter. The play, opening on Christmas Eve 1943, was a great success that ran for over a thousand performances, though when the play was

filmed Baxter's role as an earl's daughter romantically involved with several servicemen went to a newcomer, Barbara White. Later Celia Johnson was to play on screen the role that Baxter had originated in Wynyard Browne's touching 1950 play about a vicar's progeny, *The Holy and the Ivy*.

Baxter's first appearance in New York was as Cecily in *The Importance of being Earnest* (1947) with John Gielgud, and other classic roles included Viola in *Twelfth Night* (1948, at the Old Vic, directed by Alec Guinness) and Mrs Alving in *Ghosts* (1967). She continued to work in the theatre for 20 years after her year's run in *Dial M for Murder* (1952), her last West End appearance being as the mother in John Mortimer's *A Voyage round my Father* (1972), co-starring her old friend Michael Redgrave – she was godmother to his daughter Vanessa.

Her television work included plays and series such as *Upstairs Downstairs*, in which she played a viscountess trying to poach Hudson the butler, and her fi-

nal appearance in a 1992 documentary, *Missing Beloved*, with John Mills and Chilli Boucher.

She married her first husband, the racing driver Clive Dunfee, in 1930, and tragically was watching him race at Brooklands two years later when he crashed to his death. In 1939 she married Arthur Montgomery, a businessman, who died in 1978 (they had three children). Less than four months ago Jane Baxter attended the unveiling of a plaque to Dame Anna Neagle and Herbert Wilcox in Park Lane (she had appeared with Neagle in the play *The More the Merrier*) and was immediately surrounded by admirers who made it clear that she was still fondly remembered.

Tom Vallance

Feodora Kathleen Alice Forde (Jane Baxter), actress; born Bremen, Germany 9 September 1909; married 1930 Clive Dunfee (died 1932), 1939 Brigadier Arthur Montgomery (died 1978; one son, two daughters); died London 13 September 1996.



Baxter: a hint of the coquette

Photograph: Hulton Getty

Gerald McArthur

By the time Gerald McArthur encountered the crime of the century, he had been a police officer for nearly 30 years.

Joining the Metropolitan Police in 1935, he quickly established himself in the CID before being seconded to the Commissioners Office in 1941. He served in the RAF during the Second World War before returning to the Commissioners Office, and then the company fraud branch. Promotions through the ranks rapidly followed, and in 1963 he was made Detective Superintendent in what was then the Metropolitan Police. However it was robbery rather than homicide that was to establish McArthur's reputation, for within days of his appointment a plan that had been touted for years amongst the criminal fraternity came to fruition, and a coalition of south London professional thieves robbed the night train from Glasgow to London of £2.6m.

The Great Train Robbery and its opera-like after-

math caught the imagination of the world's media. Brigadier Cheyney, the Chief Constable of Buckinghamshire, sought the assistance of Scotland Yard. McArthur was seconded to the subsequent investigation and, despite the publicity-seeking activities of a number of senior police officers from the Metropolitan Police, it was McArthur who was the acknowledged "governor". In particular he proved adept at manipulating the world's media in a manner that was to set a precedent for successive generations of police managers.

From his base in Aylesbury he kept the story fresh in the public mind by calling regular press conferences, and a number of authorities claim that his announcement that the robbers were still within a 30-mile radius of the crime, panicked them into a rapid exit from their hideout at Leatherslade Farm some 27 miles away, and contributed significantly to the decline in control and discipline which

until then had been the gang's hallmark. While Tommy Butler and the Flying Squad took much of the credit for their work against the London villains, McArthur managed the Aylesbury end of the investigation, and involved himself fully in the questioning that followed some of the early arrests.

In 1964 McArthur was promoted to the rank of Chief Superintendent and placed in charge of the Hertfordshire CID. This was a highly significant appointment that acknowledged the manner in which he had managed the tensions between the Met and the Buckinghamshire Police during the train robbery investigation. The following year he was appointed as the coordinator of No 5 Regional Crime Squad.

That same year McArthur was approached by a south London man named James Taggart with accusations regarding the activities of Charlie and Eddie Richardson and their associates, including

the underworld icon "Mad" Frankie Fraser. The Richardsons were undoubtedly the most astute of the crime groups that prospered in 1960s Britain, and had successfully penetrated the legitimate economy. Taggart had allegedly received a beating from Fraser and had gone to the now Assistant Chief Constable of Hertfordshire in order to avoid the local police who, as Charlie Richardson himself acknowledges, "were so bent that no Met copper would work for a week, never mind years, without tipping me off".

The subsequent investigation was unique at the time as the police went about seeking victims of crimes of violence that to this day seem quite fantastic, or in the words of one of the investigating officers, "Frankly, I thought it all sounded a bit improbable, copied from accounts of Gestapo methods during the war." The frauds which were the lifeblood of the Richardson operation were less improbable, yet the trial became popularly

known as the "torture trial", and despite the contested nature of some of the evidence of violence, and the attempts at jury tampering, Charlie and Eddie Richardson received 25 years and 10 years respectively.

The police operation also marked the introduction of a tactic that was to be soon implemented with even greater success against the Kray twins, involving the mass arrest of all members of the gang so as to reduce the chance of witness intimidation. A virtually ignored aspect of the Richardson trial was the sight of the Assistant Chief Constable of Hertfordshire, one of the most prominent detectives in the country, taking the stand just prior to Charlie Richardson being sentenced, to present the accused's "previous".

The trial did much to establish organised crime in Britain's collective consciousness, and was a key episode in the history of 1960s criminal justice. At a time when the establishment were fearful of society being

destabilised by the lower orders, scrap metal merchants equally talented at both fraud and mineral mining were at least two decades ahead of their time. However, looking back it is difficult not to have some sympathy with Charlie Richardson's contention that, despite the "torture trial" hype, "I was actually charged with a bit of fraud and five counts of grievous bodily harm. Nobody was dead, maimed or even scarred... I had slapped five hooligans around and had defrauded large companies."

Gerald McArthur received the Queen's Police Medal in 1966, and was appointed MBE in 1968. He retired from the police in 1969 and became security adviser to the Tobacco Advisory Council, a post from which he retired in 1975.

Dick Hobbs

Gerald Elyn McArthur, police officer; born 28 May 1916; Assistant Chief Constable of Hertfordshire 1965-69; married (two daughters); died 21 July 1996.



The "governor": McArthur, right, and colleague Photograph: Hulton Getty

BIRTHS

JEWELL, TERRINGTON: To Sarah and Andy, a beautiful 8lb baby girl, Isabella, a sister for Benedict, born at home on Thursday 12 September 1996.

DEATHS

MOORE, Oscar, on 12 September, peacefully, after a long illness, bravely borne, Private Cremation. A Memorial in celebration of his life and work to be announced at a later date. Family flowers only please. Donations in lieu for the "Brookside Ward Fund" may be sent to J.H. Kenyon, 83 Westbourne Grove, London W2 4UL.

FUNERAL ARRANGEMENTS

WALL: Professor Nicholas, funeral, Friday 20 September, at 2.15pm, West London Crematorium, Harrow Road. Reception to follow. Flowers and enquiries, J.H. Kenyon, 0171-229 5544.

Births, Marriages & Deaths

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS (Births, Adoptions, Marriages, Deaths, Memorial services, Wedding anniversaries, In Memoriam) should be sent to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephoned on 0171-239 2011 (answering machine 0171-239 2012) or faxed on 0171-239 2010, and are charged at £6.50 a line (VAT extra). OTHER Gazette announcements (weddings, funerals, forthcoming marriages, Marriages) must be submitted in writing (or faxed) and are charged at £10 a line, VAT extra. Please include a daytime telephone number.

Royal Regiment of Wales mounts the Queen's Guard at Buckingham Palace, 11.30am, band provided by the Irish Guards.

Birthdays

Professor Sir Donald Acheson, former Chief Medical Officer, Department of Health and Social Security, 70; Miss Anne Bancroft, actress, 65; The Right Rev Timothy Bavin, former Bishop of Portsmouth, 61; Mr David Binley, choreographer, 39; Professor Alec Broers, Professor of Electrical Engineering, Cambridge University, 58; Martin of the RAF Lord Crag of Radley, 67; Mr Donald Cruickshank, Director-General, Ofel, 54; General Sir Kenneth Darling, former Commander-in-Chief, Allied Forces, Northern Europe, 87; Miss Jennifer Dickson, artist and photographer, 60; Sir Desmond Fennell, former High Court judge, 63; Mr Croy Francis, former Director-General, the Forestry Commission, 66; Sir Richard Gaskell, former President, Law Society, 60; Professor Sir John Hale, Professor of Italian, University College London, 75; Sir Desmond Heap, solicitor, 88; Mr Chaim Herzog, former Israeli president, 76; Mr Damon Hill, racing driver, 36; Mr Michael Jack MP, 50; Mr

Julius Jayewardene, former president of Sri Lanka, 90; Miss Tessa Jewell MR, 49; Mr Desmond Lynam, journalist and broadcaster, 56; Mr Roddy McDowell, actor, 68; Mr Reginald Marsh, actor, 70; Mr Brian Matthews, radio presenter, 68; Mr Stirling Moss, racing driver, 67; Sir Paul Newall, former Lord Mayor of London, 62; Miss Dinah Sheridan, actress, 76; Miss Mary Stewart (Lady Stewart), historical novelist, 80; Sir Jack Stewart-Clark, MEP, 67; Miss Karen Straker, show-jumper, 32; Mr Vernon Thompson, thoracic surgeon, 91; Miss Helen Vinson, actress, 89; Dr David Wilkinson, former Professor of German, University College London, 87.

Anniversaries

Births: Pope Paul V, 1552; Francisco Gomez de Quevedo y Villegas, poet and satirist, 1580; Marie Jeanne Antoinette, French Queen, 1755; de Condorcet, mathematician and philosopher, 1743; Samuel Proust, water-colour painter, 1733; Edward

William Lane, translator of *The Thousand and One Nights*, 1801; Halldan Kjerfve, composer, 1818; William Carlos Williams, poet, 1893; Charles Tomlinson, English composer, 1884; Sir Francis Charles Clive, politician, 1801; Sir Frederick Ashton, choreographer, 1904; Dolores Costello, actress, 1906; Deshae Pedro Mendez de Aviles, soldier and navigator, 1574; Philip IV, King of Spain, 1665; Francesco Xavier Geminiani, composer, 1702; Tobias George Stenbock-Nordenskiöld, 1771; Alfred Victor, Comte de Vigny, poet, 1803; Walter Savage Landor, author, 1804; William Henry Fox Talbot, photographic pioneer, 1787; Ethel Mary Dell (Mrs G.T. Savage), romantic novelist, 1939; Ruth Benedict, anthropologist, 1904; Count Folke Bernadotte of Wisborg, soldier, humanitarian and diplomat, assassinated 1948; Dame Lilian Braithwaite, actress, 1948; Friedrich Adolf Paneth, chemist, 1888; Katherine Anne Porter, novelist, 1889; Richard Raskin, actor, 1964; Professor Sir Karl Raimund

Popper, philosopher, 1904. On this day: Edinburgh was occupied by the Jacobites under the Young Pretender, 1745; the Constitution of the State of Colorado, St Francis de Sales, 1787; the frigates *Briton* and *Jaguar* under Sir Thomas Staines and Captain Phipps, touched at Pitcairn Island in the Pacific, and found the descendants of the *Bounty* mutineers, 1814; an English eccentric announced in a San Francisco newspaper that he had become Norton I, Emperor of America, 1859; the Mont Cenis railway tunnel, Switzerland, opened, 1871; the Commonwealth of Australia was proclaimed as a federal union of six colonies, 1900; the opera *Il Trovatore* and *Her Fusor* was performed in London for the first time, 1931; the first long-playing records were demonstrated in New York, but the venture failed, 1931; Poland was invaded by the Soviet Union, 1939; the 1st British Airborne Division landed at Arnhem, Netherlands, 1944; the first meeting took place of the North Atlantic Treaty Council, 1949; Estonia, Latvia,

Lithuania, North and South Korea, the Marshall Islands and Micronesia were admitted to the United Nations, 1951. Today is the Feast Day of St Columba of Coldinga, St Francis of Campagna, St Hildegard, St Lambert of Maastricht, St Peter Arbues, St Robert Bellarmine, St Simeon of Milan, Saints Severatus and Stephen and St Theodora.

Lectures

National Gallery: Alexander Sargent, "Saint Michael (iii): Bermejo, Saint Michael Triumphant over the Devil", 1pm. Victoria and Albert Museum: Olivia Calles, "Chinese Export Art", 2.30pm. Tate Gallery: Elizabeth Allen, "Mother and Child: George Romney's Mrs Johnson and Her Son", 1pm. British Museum (British Library): Richard Barber, "The Holy Grail: object or ideal?", 1.15pm. National Portrait Gallery: Honor Clark, "The New Early 20th-century Galleries", 1.10pm.

Helen Chadwick

A service to celebrate the life and work of Helen Chadwick (1953-1996) will be held at St Martin-in-the-Fields, Trafalgar Square, London WC2, on Saturday 21 September 1996, at 11.30am.

Margaret Rawlings

A memorial service for Margaret Rawlings will be held on Tuesday 15 October at St Paul's Church, Bedford Street, Covent Garden, London WC2, at 11.30am.

Luncheons

Rotary Club of London. Mr Bill Cowen, President of the Rotary Club of London, presided at a luncheon held yesterday at the Portman Hotel, London W1, at which the Russian ambassador, Mr Anatoly Leonidovich Adamishin, was introduced as a member. Sir Sigmund Sternberg also spoke.

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BA-American alliance may escape MMC

CHRIS GODSMARK and MICHAEL HARRISON

British Airways' alliance with American Airlines looks set to escape a referral to the Monopolies and Mergers Commission but it could still founder on the tough conditions regulators want to attach to the controversial tie-up.

The Office of Fair Trading is preparing to tell ministers that the alliance, which would give BA and American up to 60 per cent of key transatlantic air routes, should not be sent to the MMC.

BA has made it clear that it will walk away from the alliance if it is referred. A lengthy investigation by the MMC could also scupper hopes of an open skies agreement being signed between Britain and the US because it is conditional on the alliance going ahead.

Instead the OFT looks set to approve the tie-up, on condition that the two carriers give up some of their lucrative take-off and landing slots at Heathrow.

BA's chief executive, Robert Ayling, has insisted that the two carriers should not be forced to surrender slots as the price for regulatory approval.

But industry observers believe BA and American will have to give ground to accommodate

the objections from rival carriers, led by Richard Branson's Virgin Atlantic and United Airlines of the US.

Robert Crandall, the chairman of American Airlines, in Britain this week on a "hearts and minds" mission to win support for the alliance, has floated the idea that the two carriers might lease slots at Heathrow to other carriers rather than give them up outright.

He is also promising to increase American's regional services from Manchester and Birmingham if the alliance is approved. At present American flies only to Chicago from the two regional airports but would launch new services to Dallas, Miami and Los Angeles if the alliance is given the green light.

Mr Crandall saw the Deputy Prime Minister, Michael Heseltine, yesterday to argue American's case and flies back to Dallas at the end of the week.

The OFT's recommendations are expected to be passed to the President of the Board of Trade, Ian Lang, in the next 12 days, possibly as early as Friday.

A decision not to go for an MMC referral would represent a victory for the Department of Transport, which has given the alliance its broad backing.

Intense discussions between BA, American and OFT officials have been continuing for weeks aimed at finding a compromise acceptable to the two carriers without the need for an investigation by the MMC. The current stumbling block is thought to lie more with American, which is believed to be insisting on hanging on to the bulk of its Heathrow slots.

Separately, the regulatory hurdles which the alliance needs to clear became even more complex yesterday when the European transport commissioner, Neil Kinnock, said the EC's own investigation into airline alliances, begun after the BA-American announcement, would be unlikely to reach any conclusions until next year.

"It would be very difficult before Christmas. There's a lot of information to be gathered and some of that information is not very easily available," said Mr Kinnock.

It also emerged that the European Commission has decided to extend its inquiry further, casting further doubt on BA's aim of getting the alliance under way by next April.

The EC is already investigating seven alliances between US and European carriers and is examining proposals by United to transform existing links with Lufthansa and the Scandinavian carrier SAS into a tri-lateral partnership.



A long wait: Neil Kinnock says an EC investigation is unlikely to reach a conclusion before next year

PSBR nerves hold back Footsie

DIANE COYLE
Economics Editor

An attack of nerves about figures for government borrowing due today and retail sales tomorrow prevented the FTSE 100 index from passing the symbolic 4,000 level.

Shares in London, however, still managed to set another record, closing up just over 9 points at 3,977.2 in very light trading. But this week's economic statistics are expected to be less encouraging than the recent run of indicators pointing to rapid growth with low inflation.

Analysts expect today's figure for the public sector borrowing requirement in August to amount to more than £4bn following a surprise repayment of £1.7bn in July. And recent surveys suggest that official figures for retail sales last month will rebound.

The gap between government revenues and spending has been scarcely any lower this financial year than last year. The reason for the disappointing performance has been expenditure growth running at more than twice the rate needed to hit this year's target. Many City experts reckon this year's PSBR will exceed the Treasury's £27bn forecast.

Yet the indications are that Kenneth Clarke, Chancellor of the Exchequer, is looking to cut more than £3bn from existing spending plans to announce tax cuts in November's Budget. A freeze on the public sector pay bill for the fourth year running is also likely.

Leo Doyle, an economist at investment bank Kleinwort Benson said: "Existing plans are already really tough. When they take off another few billions in the Budget, it will be very difficult to deliver." He predicted that the PSBR would stick at £29bn this year and next - the same as in 1995-96.

Other City experts are more optimistic. Ciarán Barr at Deutsche Morgan Grenfell said: "Spending has slipped but I think they will manage to restrain it."

He also predicted that rapid growth in tax revenues, due to consumer spending picking up, would come as a pleasant surprise.

The financial markets are likely to remain on edge until after next Tuesday's meeting of the Federal Open Market Committee.

The risk of an increase in US interest rates can not be completely ruled out despite last week's unexpectedly low inflation figures.

Industrial production and capacity figures due today are known to be closely watched by the Fed. Analysts expect the year-on-year growth in output to fall to just over 3 per cent and would be alarmed by higher growth.

The Dow Jones industrial index was more than 36 points higher at 5,874.77 by late morning.

Blenheim shares jump as on-off saga resumes

PATRICK TOOHER

The on-off takeover saga at Blenheim took another twist yesterday when the exhibitions group confirmed it had received a further approach that "may or may not lead to an offer for the company", albeit at a level the board had previously rejected.

Shares in Blenheim jumped 52.5p to 420p on the news, making them the day's best

performers in the FT-SE 250 index. They have been on a roller-coaster ride since takeover rumours first surfaced more than three months ago.

Blenheim made its latest statement in response to weekend press comment and added "a further announcement will be made when appropriate".

Reed Elsevier, the Anglo-Dutch publisher, is understood to have made a renewed bid approach to Blenheim, only three

weeks after previous takeover talks were terminated.

Reed is reported to have held talks with Blenheim to see if any common ground could be reached on a price for an agreed takeover.

Last month Blenheim called off talks with Reed and with Lord Hollick's United News & Media, saying it had received no proposals it could recommend to shareholders.

However, United is said to

have continued negotiations with Blenheim, though neither United nor Reed has ever formally admitted they were engaged in talks.

Reed's latest move appears to be an attempt to try to wrong-foot United. "It's got to the stage where it is the last one to blink," said a source close to the discussions.

Previously Reed, which entered the fray after United, was thought to be biding its time

in the hope that Blenheim's chairman, Neville Buch, would drop his asking price, said to be a bid worth at least 490p a share, valuing the company at £500m.

Blenheim shares hit 458p at the height of the bid speculation at the beginning of June, having run up from as low as 250p earlier this year on takeover rumours, but they collapsed by more than 100p to pre-bid levels when the talks were broken off.

Any deal would have to be agreed as 40 per cent of Blenheim's shares are controlled by the directors and Generale des Eaux, the French water company.

Unlike its last announcement, when it described its first-half performance as strong, Blenheim gave no indication of current trading.

Interim results for the six months to June are expected on 2 October.

George reassures banks on EMU

PETER RODGERS
Financial Editor

Attempts to discriminate against London banks if Britain stayed out of monetary union would contravene single market legislation and European union competition law, Eddie George, Governor of the Bank of England, warned yesterday.

Mr George was launching an attack on proposals by France and Germany that would restrict access by countries outside the single currency area to a new interbank clearing system called Target, which will handle euros.

However, he rejected City suggestions that discrimination would cause serious damage to

the competitive position of British banks, saying that there were many alternative routes they could use to clear funds in euros, bypassing Target. The issue was not a "showstopper" for the City of London.

Mr George also made clear that he believed the City would benefit from a single currency whether or not Britain joined monetary union.

He took this view, not because London would steal business from Frankfurt and Paris, but because an enlarged currency block based on the German mark would stimulate extra activity in the financial system, benefiting everybody.

Mr George said: "Provided

we are properly prepared, as we will be, the opportunities for the City far outweigh the risks, and that is true whether we are in or out."

He also reiterated his long-standing view that Britain was an unlikely candidate for participation in the start of monetary union.

Introducing the bank's second progress report on preparations for monetary union, Mr George insisted that the argument over Target was an issue of principle.

He said that the Bank of England was keen to encourage use of Target because it was a real time settlement system for euros, in which large money

transfers would be made instantaneously between banks, rather than at the end of each working day.

Real time settlement removes the risk that the failure of one bank will bring down many others in a domino series of collapses. British banks have already adopted a real time settlement system for sterling and most countries are moving in the same direction.

Mr George said that the Bank was only demanding access to Target on equal terms during the trading day, not asking to be allowed to participate in overnight lending using Target.

Comment, page 19



On target: Eddie George rejects fears of discrimination

South West Trains managing director quits

CHRISTIAN WOLMAR
Transport Correspondent

The managing director of South West Trains has left the company after a reorganisation by Stagecoach which won the franchise earlier this year.

Peter Field, who originally led a rival management buyout bid for SWT with CGEA, the French transport company, has been ousted after only seven months in the job and terminated his employment "by

mutual agreement" last week. Stagecoach said the reason for Mr Field's departure was the reorganisation of the company into four divisions - UK bus, train leasing, overseas and train operations which includes South West Trains. Mr Field's role has been taken over by Brian Cox, who will carry out the task in conjunction with his previous role as chairman of SWT. Mr Cox is on the board of the parent company and used to be managing director of Stagecoach South.

The fact that Stagecoach has won only one very small franchise, the Island Line on the Isle of Wight, in addition to its initial success with SWT means the company felt it had too many managers in its fledgling train business.

While the company said that SWT had performed well, City sources suggested there had also been some concern at SWT's failure to bring down costs quickly enough to meet its own onerous profitability targets.

Under the agreement with the franchising director, Stagecoach will receive £60m of subsidy in its first year compared with £63.5m, which BR would have received, and the amount of support declines to £40m by the end of the seven-year franchise term.

Soon after Stagecoach took over, about 150 of the 4,000 staff were made redundant but since then efforts to bring down staff numbers have been stymied.

Negotiations with the unions for productivity deals have not yet been finalised, although ticket office staff are voting on a deal which will reduce numbers without the need for compulsory redundancies.

Mr Field said last night: "I have left the company by mutual agreement. There are no skeletons in the cupboard. The company is in a very healthy state. My departure was simply the result of the reorganisation."

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STOCK MARKETS					
	FT-SE 100	Dow Jones	Nikkei		
Index	3977.20	+8.20	+0.2	3977.20	3932.30 3.91
FTSE 100	3977.20	+8.20	+0.2	4568.60	4016.30 3.41
FTSE 250	1985.80	+4.50	+0.2	1985.80	1816.50 3.81
FTSE 350	2187.59	+2.43	+0.1	2244.36	1954.06 3.02
FT All Share	1961.01	+4.25	+0.2	1961.01	1791.95 2.17
FT All Share	5876.95	+38.47	+0.7	5838.52	5032.94 2.17
New York				22688.80	19734.70 0.781
Tokyo				11594.99	10204.87 3.541
Hong Kong	11587.90	+198.86	+1.7	11594.99	10204.87 3.541
Frankfurt	2629.87	+33.91	+1.3	2629.87	2253.36 1.781

Source: FT Information

INTEREST RATES					
	Short sterling	UK medium gilt	US long bond		
1 Month	5.5	6.03	6.71	6.19	6.95 6.64
3 Month	5.5	6.03	6.71	6.19	6.95 6.64
6 Month	5.5	6.03	6.71	6.19	6.95 6.64
1 Year	5.5	6.03	6.71	6.19	6.95 6.64
2 Year	5.5	6.03	6.71	6.19	6.95 6.64
3 Year	5.5	6.03	6.71	6.19	6.95 6.64
4 Year	5.5	6.03	6.71	6.19	6.95 6.64
5 Year	5.5	6.03	6.71	6.19	6.95 6.64
10 Year	5.5	6.03	6.71	6.19	6.95 6.64
15 Year	5.5	6.03	6.71	6.19	6.95 6.64
20 Year	5.5	6.03	6.71	6.19	6.95 6.64
25 Year	5.5	6.03	6.71	6.19	6.95 6.64
30 Year	5.5	6.03	6.71	6.19	6.95 6.64

CURRENCIES					
	£/\$	£/DM	£/¥		
Monday	1.5588	0.6423	0.010	0.8475	
Tuesday	1.5570	0.6423	0.010	0.8475	
Wednesday	1.5570	0.6423	0.010	0.8475	
Thursday	1.5570	0.6423	0.010	0.8475	
Friday	1.5570	0.6423	0.010	0.8475	
Saturday	1.5570	0.6423	0.010	0.8475	
Sunday	1.5570	0.6423	0.010	0.8475	
Monday	1.5588	0.6423	0.010	0.8475	
Tuesday	1.5570	0.6423	0.010	0.8475	
Wednesday	1.5570	0.6423	0.010	0.8475	
Thursday	1.5570	0.6423	0.010	0.8475	
Friday	1.5570	0.6423	0.010	0.8475	
Saturday	1.5570	0.6423	0.010	0.8475	
Sunday	1.5570	0.6423	0.010	0.8475	

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THE INDEPENDENT

business

Lease snag delays Signet jewellery sale

TOM STEVENSON
City Editor

The long-awaited sale of Signet's two UK jewellery businesses, H Samuel and Ernest Jones, to the venture capital group Apex Partners has been delayed because of complex negotiations over property leases on the chains' more than 600 shops. Details of a sale had been expected about now but completion has been put on hold until a formula can be agreed to

safeguard Signet from any future liability regarding the leases.

The issue was given added urgency recently when Sears closed 200 shoe shops returned to it after the collapse of Facia, the company to which it had previously sold them. Under British property law, responsibility for the leases on buildings reverts to the original lessee in the event of a default by a party to which they have subsequently been assigned.

Signet is determined not to face any similar liability when it finally pulls out of UK retailing as it announced it planned to do last January. The proposed £280m sale of H Samuel and Ernest Jones, forced on the company by crippling debts, will reduce Signet to its American chain Sterling and a move of headquarters to the US is expected to follow the deal.

The rules on lease assignments have come in for heavy criticism in recent years. Thanks to the unusually long leases on

British commercial properties of up to 25 years, compared to under ten in many continental markets, businesses can find themselves responsible for leases on properties they vacated years previously.

James McAdam, chairman of Signet, remained tight-lipped on the sale yesterday, saying only that "discussions have taken place with a number of interested parties and are still continuing with one potential purchaser".

He was speaking as the group, formerly known as Ratners, announced a two-thirds reduction in its first half loss after a 7 per cent increase in like for like sales. Ernest Jones gave the strongest showing, with an 18 per cent improvement in comparable turnover.

At the operating level Signet reported its first interim profit since 1990, reversing a £2.9m loss into a £10m profit. After interest payments on the group's £306m debt mountain, the pre-

tax loss emerged at £6m compared with a £21.3m deficit a year ago. There was no dividend on either Signet's preference or ordinary shares.

Mr McAdam said: "The group has been trading well and the much improved results for the half year are encouraging. We now need to maintain the good progress and prepare for the all important Thanksgiving and Christmas trading periods."

Still unclear is the possible involvement after an Apex acquisition of rival jeweller Goldsmiths, which has made no secret of merging its operations with Ernest Jones believing it could squeeze sizeable rationalisation benefits out of a deal.

Olivetti chief in criminal inquiry

MICHAEL HARRISON

The crisis at Olivetti took a new twist yesterday as Francesco Caio, chief executive of the embattled Italian computer group, was named in a criminal investigation into allegations that its management had falsified first-half results.

News of the investigation by prosecutors based in Ivrea, home of Olivetti's headquarters, sent its shares plunging to a new low and forced Italian stock market regulators to suspend dealings for the third time in a fortnight.

By the time the shares were suspended they had fallen by 10 per cent to 516 lire. Two attempts to lift the suspension and resume trading in the shares failed.

The market was also unnerved by Olivetti's abrupt cancellation of planned meetings between Mr Caio and investors in Milan and London to reassure them of the company's future and financial position.

Between 30 and 40 per cent of the shares are held in London by institutional investors who took part in a £913m rescue rights issue by Olivetti last December.

Olivetti said that the meetings would now take place at the end of September when it formally publishes its first half results.

But the markets were unimpressed. "Watching Olivetti is like watching Dallas," said one Italian equity trader. "Every day there is a new sorry episode."

Mr Caio, who took over the running of the company after the resignation of its long-standing chairman Carlo De Benedetti, was added to the list of executives being investigated by two Italian judges who are examining whether the first-half accounts, showing losses of 440bn lire were falsified.

The crisis erupted when Renzo Francesconi quit as chief financial officer of Olivetti three weeks ago alleging that the extent of the group's losses had been disguised. He had only been at Olivetti for six weeks.

The Italian stock market watchdog, Consob, promptly launched an investigation and it is still unclear whether the company has answered all its questions.

Mr Francesconi was interviewed by the prosecutors for nine hours last week.

He has stuck by his claims even though Olivetti has threatened legal action against him.

The criminal investigation is just one of several inquiries facing Olivetti.

It has been called before the Italian industry ministry and last week Mr Caio faced questioning by the industry committee of Italy's lower house, the senate.

ECC launches fresh cuts after profits collapse

MAGNUS GRIMOND

English China Clays, the world's biggest producer of kaolin, is to launch another round of restructuring and could cut its dividend after being hammered by de-stocking in the paper industry, its main customer.

The company yesterday announced that pre-tax profits crashed from £55.3m to just £5.7m in the six months to June as volumes sank by as much as one-fifth.

The interim dividend is being maintained at 5.5p, but Lawrence Urquhart, chairman, warned that a decision on the final payment would not be made until later this year, when trading trends become clearer and a comprehensive strategic review begun early in 1996 was completed.

However, as part of the initial phase of the restructuring plan the group announced its intention to cut another £30m of costs in its kaolin business, which Dennis Rediker, the new chief executive, said would make us "very, very competitive" in the world market.

Shares in the group slid 10p to 216.5p as brokers factored

in a possible dividend cut to around 10.5p from last year's figure of 16.7p and criticised management's failure to spell out future strategy in sufficient detail.

One analyst said: "I think its pretty disheartening for investors not to be given a clearer picture. Quite honestly, nobody cared too much about the level of operating profits [in the half year]... What has disappointed people is that there have been no clear indications as to future strategy and clear indications of future dividend policy."

Mr Rediker only took over at the beginning of the year after his predecessor, Andrew Teare, moved over to take the reins at the Rank leisure and amusements group. He said the collapse in profits was driven by a 21 per cent drop in volumes to the European paper industry and an 11 per cent fall in North America.

Profits in Europe crumpled from £33.2m to £21.5m, while in North America they were down from £19.5m to £12.1m. The problem was that the paper industry "wasn't running their machines", he said, after a "false

stockbuild" at the end of 1995 and into 1996 in the expectation of a good market which did not come through. "There was just no place to put the paper.... The pipeline was full right back from the printer to the papermaker."

The half-year figures bore an £18.6m charge for writing down or writing off underperforming calcium carbonate or kaolin assets in Korea, Continental Europe and Brazil. Mr Rediker warned that, although the operational review was not completed, to give it "some sense of proportion" they could see the need to cut costs in the kaolin business around the world by a further £30m.

The full-year profits would bear a charge for the move, but he could not say how much or how many redundancies would be involved.

The latest figures were also hit by an unprofitable first year contract entered into by previous management at the Caigon speciality chemicals operation to supply the Scott Paper Company in the US. Margins in speciality chemicals fell from 7.8 per cent to 1.1 per cent in the half year, but would have been akin to the 3.4 per



Warning: Lawrence Urquhart, the chairman, said a decision on dividend payment has been delayed until later in the year

cent achieved in the second half of 1995 without the Scott contract, against which a provision has been made, Mr Rediker said. New management at the business had al-

ready wrought a "dramatic" turnaround in the business, but too late to save these figures, he added.

In addition, ECC has had to cope with problems in its US

kaolin manufacturing plant and with start-up costs in a new calciner plant making high quality kaolin, also in the US.

But analysts say it faces growing competition from new

kaolin sources in Brazil and from cheaper calcium carbonate.

Profits forecast at £55m for the full year would leave last year's dividend uncovered

Independent eyes NZ takeover

CHRIS GODSMARK
Business Correspondent

Independent Newspapers, the Irish newspaper group run by Dr Tony O'Reilly, yesterday moved to extend its global ambitions with its largest ever takeover bid, a IR£442m (£460m) offer for Wilson & Horton, New Zealand's largest newspaper company.

Wilson & Horton runs the New Zealand Daily Herald,

the country's most popular newspaper with a daily circulation of 260,000 copies and runs several magazines. Independent Newspapers gained effective control of 45 per cent of Wilson & Horton a year ago through a subsidiary company, Independent Press Communications (IPCL).

The bid, which had been widely rumoured, follows Dr O'Reilly's failed attempt along with Mirror Group to take over West-

minster Press, the regional newspaper interests of the media conglomerate Pearson. Westminster went under the hammer in July for £305m to Newsquest, the regional publishing group.

The latest cash offer values Wilson & Horton shares at NZ\$10.50 (£4.67), with a paper alternative in the form of IPCL preference shares which would then be listed on the New Zealand stock exchange. It would be funded partly by a

IR£400m borrowing facility which has been arranged. Earlier this year Independent raised IR£106 from shareholders in a rights issue.

About one-fifth of the remaining 55 per cent of the shares not already owned by IPCL are held by New Zealand institutions, with most of the rest in the hands of private investors. Wilson & Horton shareholders have until 8 November to approve the deal.

Montgomery exercises options

ROGER TRAPP

David Montgomery, chief executive of Mirror Group, has made a profit of £608,000 by exercising share options.

The company - which controls 46 per cent of News-paper Publishing, owner of the Independent and Independent on Sunday - said yesterday that Mr Montgomery carried out the transaction last Friday, two days after the announcement of interim pre-tax profits, before

exceptional costs, of £39m.

Mr Montgomery exercised options over 400,000 shares granted at 61p on 23 October 1992 and sold them at 213p a share. He also sold 150,000 existing shares at the same price.

The company added that Mr Montgomery retains options over 579,409 shares at 61p and options over 163,755 at 229p, and also has a holding of 50,999 shares in the company.

In March of this year, Mr Montgomery made a profit of

£780,000 when he exercised and sold options on 500,000 shares the day after Mirror Group reported 1995 pre-tax profits of £87.2m.

At last Wednesday's interim results announcement, Mr Montgomery said that the company was "an efficiently run media business capable of further expansion".

Shareholders were told that they would receive a 12.5 per cent rise in the interim dividend to 1.35p.

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More disasters on the big screen for Sony

DAVID USBORNE
New York

Sony was contemplating the wreckage yesterday from a turbulent few days at its film division which saw the ousting of Mark Canton as chairman of its Columbia TriStar pictures business, and a thoroughly public and embarrassing rejection of an offer to take the newly vacant job from Arnold Rifkin, a top Los Angeles talent agent.

Mr Canton's responsibilities have been handed over in the meantime to Lucy Fisher, a 46-year-old Sony executive who joined Columbia TriStar as a vice chairman only six months ago. Concerned for the welfare of her three daughters, Ms Fisher has made it plain that she does not want to take on Mr Canton's old title or the full weight of his former job, however.

The dramas are only the latest chapter in Sony's thoroughly troubled interlude in Hollywood, which began with the late-1989 purchase of Columbia Studios for almost \$5bn (£3.2bn). In 1994, after a particularly bad year at the box of-

ice, Sony was forced to write off \$2.7bn from its investment. In its search for profits and stability, Sony has also suffered an unusually high turnover of senior executives.

The demise of Mr Canton is firing renewed speculation that the president of the Sony group, Idef Nobuyuki, may eventually be forced into at least a partial retreat from Hollywood, either by making a public offering, seeking a partner or selling his studios outright to a competitor.

Mr Canton, who is yet to negotiate the terms of his departure, apparently came unstuck because of a series of disappointments in Sony's 1996 film line-up. Most painful for the studio was the relatively poor performance of the film *Cable Guy*, conceived as a vehicle for the comedian Jim Carrey. There was collective shock in Hollywood when Sony agreed to pay Mr Carrey \$20m for that single film.

Other flops this year have included *The Fan* and *Multiplicity*. The studio is none the less believed to have a fairly promising line-up for the coming

months and can boast the two top films in the US box office charts this last weekend: *Maximum Risk* and *Fly Away Home*.

The offer of Mr Canton's job to Mr Rifkin was made by Alan Levine, the president of Sony Pictures. In a humiliating rebuttal, however, Mr Rifkin, who is the top talent agent at the William Morris Agency, turned it down in favour of a new, and presumably newly lucrative, salary at the agency.

Some observers believe that the Mr Levine may also find his job loosened by the unhappy episode, even though he has enjoyed the consistent support of Mr Nobuyuki in the past. The word is also out among analysts that Jeff Sagansky, the executive vice president of Sony Corp of America, based in New York, may also be negotiating to jump ship.

Last December saw the sudden departure of Michael Schulhof, president of the group's US operations. He was also seen as the victim of a series of studio flops, the most notable of them, *The Last Action Hero*.



Early exit: Mark Canton, who is yet to negotiate the terms of his departure, apparently came unstuck because of a series of disappointments in Sony's 1996 film line-up

Bayer and Roche plan OTC merger in US

MAGNUS GRIMOND

Bayer, the German drugs and chemicals group, plans to merge its US over-the-counter drugs operation with Swiss rivals Roche. The deal, Bayer said, would add at least \$200m (£129m) to its OTC business next year.

The merger, unveiled yesterday, involves the formation

of a 50-50 joint venture to market non-prescription analgesics and women's health formulations. The combined entity is expected to have sales of \$275m in its early years, although Bayer's assets will not be sold by the new entity.

It is just two years since Bayer paid SmithKline Beecham \$1bn to buy back the right to use its brand name in North America, seized by the US govern-

ment during the First World War. Bayer will handle sales and marketing in the venture, which the German group claimed would now be a contender for third place amongst over-the-counter groups in US "and will compete even more significantly in the US OTC analgesic market".

That market is estimated to

be worth around \$12.5bn or a quarter of the world's total. Growth is being propelled by the trend to "self-medication" and the desire by insurance companies and governments to cut health costs.

The venture will include Roche's Aleve analgesic and Femstat 3 for vaginal yeast infections, which Bayer said would add at least \$200m to sales of

its US consumer care division worth \$600m in 1995. Bayer venture will include Actron and Menstrual pain reliever Mycellex-7 vaginal yeast infection treatment. Other big Bayer brands such as Alka-Seltzer, Alka-Seltzer Plus, One-A-Day and Finistone vitamins will be excluded from the deal.



Why PDFM is right to leave the bull party early

Arriving late and leaving early may not be quite the thing for the hardened party-goer, but at least you live longer if you follow this boringly sensible way of doing things. The same is true of investment. The most consistently successful traders are those who jump aboard the trend only once well established, and then hop off long before it breaks. Arrive early and you risk ridicule, awkwardness and even the possibility that out of frustration and boredom, you'll leave before the party gets properly underway. Leave late and you are all too likely to get caught up in the party's drunken, and usually bitter end.

By following the party-pooper's approach, you miss out on the bonanza element of the upswing, but if you intend to be around for the long term, you're going to have a much better time of it. Hardly anyone gets their timing spot on more than once. Which is why the approach being adopted by Phillips & Drew Fund Management is so interesting. Some months ago it advised clients to go liquid; more than 15 per cent of its non-property funds are now in cash. This may not sound like much, but for pension fund money it is pretty much unprecedented. As the FT-SE 100 share index soars to within spitting distance of the 4,000 mark, PDFM stands accused of getting its timing fundamentally wrong.

Time will tell, but it seems more than possible that the last laugh will belong to Tony Dye, PDFM's astute head of investment.

Investment strategy is run mainly on a valuation basis round at PDFM, and Mr Dye took the view some while back that valuations, here and more particularly on Wall Street, had become dangerously high. Every instinct tells you that he is right, that what we are witnessing is the last throws of the bull market. The question is not whether it is going to fall but when and how much further it's got to rise before it does. To support the bull case for equities, you have to believe the economy has changed fundamentally for the better, here and in the US. In other words, you have to believe that growth will continue to outstrip inflation into the indefinite future. Furthermore, you have to believe that corporate profits will continue the trend of recent years of taking an ever larger share of any wealth created. While these trends might continue for a couple more years hence, it requires a tremendous leap of faith to think they'll persist any longer than that. The job of the market is to anticipate the future. PDFM is doing the right thing in leaving early.

Crossed lines on rail sell-off

Before he embarked, misguidedly as it transpires, on his return trip to merchant banking, John MacGregor gave the nation rail privatisation. The bank he quit politics to rejoin, Hill Samuel, is now defunct in all

but name, a once great banking dynasty reduced to a brass plate somewhere inside Lloyds-TSB.

The world of private railways, meanwhile, steams on. But the Government's original intention of creating a new competitive railway by breaking BR into a thousand tiny pieces is looking more clapped out by the day. The disclosure that the Japanese bank Nomura is looking around for a train operating company to add to its existing rolling stock leasing business, Angel Train Contracts, is as clear an illustration as you could get of the way the industry is consolidating, even before the process of dismantling it has been completed.

Mr MacGregor and his advisers around at the Department of Transport always assumed that the privatisation of BR would be followed by the eventual emergence of a handful of large and powerful groups operating more than one Train Operating Company (TOC).

What they had not reckoned on is the sort of vertical integration we are now witnessing with Nomura's plan to get into the business of running trains as well as leasing them. This is not a dastardly or exclusively Japanese plot to colonise the railways. Brian Souter's Stagecoach got there first by picking up two passenger franchises, serving notice that it planned to bid for the remaining 12, and then swooping to buy one of the other rolling stock companies, Porterbrook Leasing.

The idea behind these vertically integrated railway groups is clear - to furnish their rolling stock businesses with captive markets when their fixed term contracts with the TOCs begin to expire. The Japanese have watched Mr Souter wriggle free from more OFT and MMC investigations than most of us have had British Rail breakfasts and are working on the assumption that his Stagecoach-Porterbrook deal will also escape the clutches of the competition authorities.

If rail privatisation is to have any credibility then it is important that Mr MacGregor's successors in government prove the Japanese wrong.

George keeps his eye on EMU Target

Of all the arguments about monetary union to have hit the headlines recently, the row over the Target clearing system for the new currency is the most obscure. In a nutshell, if we do not join monetary union, our banks may find themselves the victims of discrimination.

French and German banks have been urging their governments to deny British banks full participation in Target so as to help them grab market share from London. Eddie George, Governor of the Bank of England, thinks it a shabby tactic, but at the same time he doesn't believe it will have

much impact even if it succeeds, because there are so many alternative ways of clearing the new euros. After all, Britain has long been the dominant offshore centre for dollars, without access to the Federal Reserve.

But let's accept it does disadvantage London a bit. Those who worry about the City's standing if Britain stays out should take heart from another area of the financial system, where London has the whip hand over its Continental rivals. This is the question of whether the European Central Bank will use reserve requirements as a tool of monetary control, as envisaged in its statutes.

The idea is that banks are made to deposit funds with the central bank at below market rates, as a way of curbing the money supply without raising interest rates. The Bank of England strongly disapproves of this approach, for not only is it less effective than interest rates, it also amounts to a tax on banks. Germany has found that its use of reserve requirements has simply driven Deutschmark banking business to free-wheeling Luxembourg.

If the European Central Bank attempts to use reserve requirements to control the Euro, and Britain stays out of EMU, there would almost certainly be a huge and lucrative flight of banking business to London. The City should be praying that the advocates of reserve requirements come out on top at the ECB.

IN BRIEF

European unemployment declines

There were 17.9 million unemployed in the EU in June. The pan-European unemployment rate edged down to 10.7 per cent in July from 10.9 per cent in March, returning to the same level as a year earlier.

Unemployment has been declining steadily for two to three years in Denmark, the UK, Spain and Finland. In recent months it has also been coming down in Belgium, the Netherlands and Portugal. But rates are noticeably higher than a year ago in Germany (8.9 per cent this July compared to 8.1 per cent last year) and France (11.7 per cent versus 11.2 per cent).

Conoco starts production at Scottish field

The oil and gas group Conoco has started production at its Banff field off the east coast of Scotland just 10 months after getting development approval from the Government. Conoco, which is working in partnership with Ranger Oil, said production from Banff's two wells started yesterday and would be stepped up into full scale output in six months time. A spokesman declined to reveal the cost of the development at Banff, which was first discovered in 1991.

Multimedia boosts Dorling Kindersley

Strong growth in sales of multimedia publications helped Dorling Kindersley to a 37 per cent increase in pre-tax profits in the year to June from £12.7m to £17.4m. More than three-quarters of the company's £174m sales, up 26 per cent, were struck overseas, with the US being the strongest market, although Peter Kindersley warned that the US retail market for multimedia products was "more challenging than in the past". The shares closed 13.5p higher at 545p.

Morgan Crucible hints at disposals

Morgan Crucible, the carbon brushes to speciality chemicals group, said it was continuing to look for acquisitions in its speciality chemicals operation and hinted at further disposals. Analysts suggested the precision engineering and Laser Diode defence electronics businesses, now back in profit, were the most likely candidates for sale.

The group shrugged off the General Motors strike in the US and patchy conditions in Europe to record a strong rise in first-half profits, which rose from £42m to £51.4m in the six months to 4 July.

Operating profits up £15 per cent to £57.6m included £2.4m from Carl Noll, a German crucible maker, and Magna, a Hong Kong speciality chemicals operation, acquired this year. The interim dividend rises 3.6 per cent to 6.6p. The group said it was still on target to achieve close to 15 per cent margins by 1998.

Interim profit rise at Travis Perkins

Travis Perkins, the builders' merchant, saw pre-tax profits rise to £17.2m from £16.9m in the half-year to June. Tony Travis, the chairman, said housing starts continued to fall in the first half, but more recently mortgage approvals, net reservations of new homes and housing transactions had all increased.

"While these improvements have yet to result in any significant improvement in demand for building materials, they offer some encouragement for the future," he added.

Whittard of Chelsea to open more stores

Maiden full-year figures from Whittard of Chelsea, the tea and coffee retailer that floated on the Alternative Investment Market in June, emerged in line with expectations with a 39 per cent rise in sales to £21.8m producing a 37 per cent profits increase to £1.80m.

Four new shops have opened in London since June and new openings mean the chain now has 26 outlets in Japan. The shares closed unchanged at 145.5p.

Caradon bolsters German link

Caradon bought an additional 84,244 shares in Weru for DM56.4m (£24m), taking its shareholding to 64.8 per cent. Since the acquisition by Caradon of its initial 50.1 per cent holding in 1995, Weru has developed as Caradon's principal Continental European business in doors and windows. Caradon said it aimed to buy more shares in Weru.

Blacks Leisure appoints finance director

Blacks Leisure, the sportswear retailer, said it has appointed David Smith as group finance director. Prior to his appointment, Mr Smith spent five years with Speedo, the swimwear brand owned by Pentland, initially as finance director of Speedo Europe and latterly as senior vice president of Speedo International.

House building downturn at Redrow

Redrow reported a drop in profits from the housebuilder's continuing operations in the year to June. They fell to £26.5m from £30.1m, mainly due to what executive chairman Steve Morgan called "extremely difficult" trading conditions in the first half. But the improvement in the housing market witnessed during the year had continued, he noted, and profits should advance this year.

Liffe and LCE merge

The London International Financial Futures and Options Exchange (Liffe) and the London Commodity Exchange (LCE) began operating as a merged market yesterday with unified administration, exchange systems and clearing arrangements.

Liffe's chairman, Jack Wigglesworth, said: "The merger of Liffe and the LCE today creates the only exchange in the world to offer trading in futures and options on financial, agricultural, soft commodity and equity index products, as well as options on individual equities, and so strengthens London's position as Europe's leading financial centre."

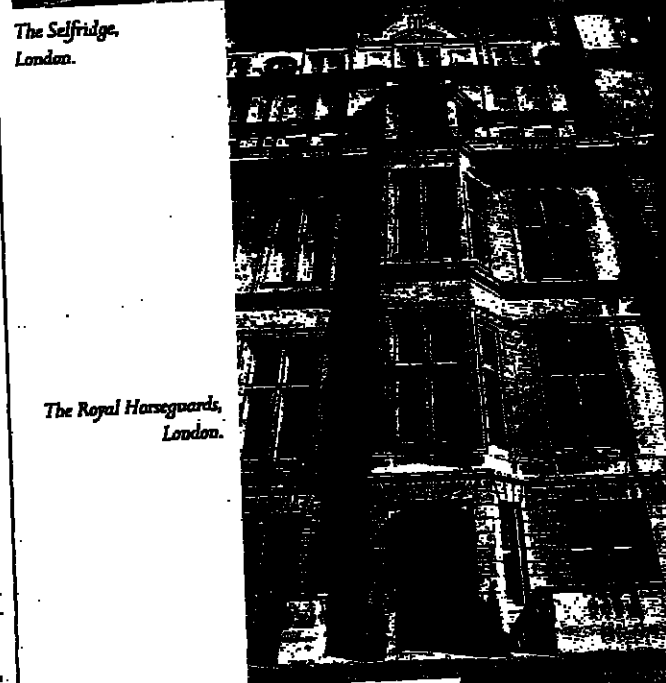
The Portland, Manchester.



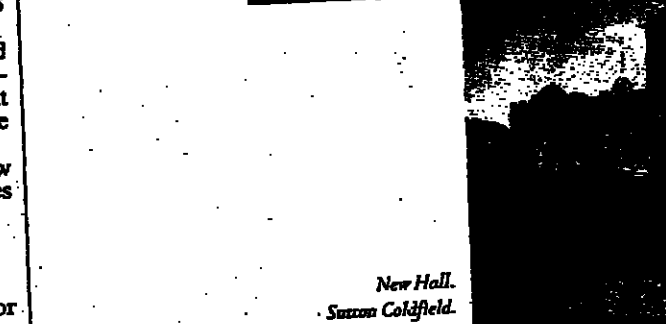
The Prince of Wales, Grimsby.



The Selfridge, London.



The Royal Horseguards, London.



New Hall, Sutton Coldfield.



The Brighton Thistle, Brighton.



The Mount Royal, London.



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business

Hays benefits from winning formula in niche markets

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Another set of sparkling figures from Hays yesterday will have some Christian Salvesen shareholders ruing the sentimental attachment to its independence. In a difficult logistics market that has claimed its fair share of scalps in recent years, Hays clearly has a winning formula.

Profits in the 12 months to June were up an impressive 20 per cent to £152m, in line with expectations and leading to a similar rise in earnings per share to 8.1p and a useful 16 per cent dividend hike to 8.1p. Rather churlishly, the shares shed a couple of pence on confirmation of the good result to close at 479p.

Part of Hays' strength lies in its leading position in attractive niches of the distribution market, which for many of its peers has become uncomfortably competitive since the fat-margin days of the 1980s ended for good in the last recession.

Hays also benefits from three distinct areas of operations which smooths the ups and downs in any one. Some observers view Hays rather heavily dependent on personnel and recruitment business as a minus, but with strong brand names such as Accountancy Personnel it is well placed to ride out the cycle.

In the distribution core which accounts for more than half of sales and almost half of profits, there was an expected slowdown after record levels last year in the UK and Europe. Again a strong position in the chemical distribution niche helped.

Commercial work, everything from express document delivery for lawyers to motor parts distribution, saw profits up 19 per cent. This business has enviable operating margins of more than 30 per cent which helped the company as a whole raise £55m of free cash flow and meant interest payments were covered a comfortable 20 times.

With analysts happy to leave their forecasts unchanged for the current year at about £150m, everything seems set fair. Sadly, on a prospective price/earnings ratio of 19 it is in the price. Hold.

Laporte strips for action

Jim Leng arrived as chief executive of Laporte a year ago with a bang, quickly clearing out the chemicals company's old guard and issuing a profits warning. His actions raised

some eyebrows but yesterday's half-year figures suggest he knew what he was up to.

Headline profits slumped from £67m to £36.4m in the six months to June and even after stripping out exceptional items, including £23.9m of losses on disposals, there was a slump in

continuing operating profits from £66.9m to £62.4m. The half results hide the effects of the group's reshaping, however.

With the £7.8m sale of businesses in Thailand, Brazil and France announced yesterday, Laporte has raised close to £60m from disposals

and cut the number of locations by 27 to around 100. The original plan to dump around £100m of turnover has been reached ahead of time, with more sales to come, and the new Laporte is already looking a lot more sensible.

Now focused on businesses such as electronics and fine chemicals, where management expects growth rates of at least 45 per cent, or where it has leading market positions, like electronics again, compounds and water technology, the group is well placed to grow. Mr Leng puts the natural rate of growth at 4-6 per cent, before any enhancement that can be squeezed from mix, price and further cost savings, expected to be £10m next year.

The only problem area in the half-year was specialty organic chemicals, used in pharmaceuticals and polymers, where profits slid from £14.2m to £8.9m. A big contract with BASF ended and Laporte, a supplier to Glaxo Wellcome, will be hit when the drugs group's best-selling Zantac comes off patent in March.

Even so, and with the shares on a

Dalgety dogged by food scares

It's been a pig of a year for pet food giant Dalgety. Up until March it had to wrestle with soaring cereal and soy prices, which have been rising faster than at any time since the 1970s. Then the BSE crisis struck. Exports of petfoods from the UK into Continental Europe were hit, banned, ingredient sales were hit, while stock containing meat and bone meal had to be written off.

All told BSE cost Dalgety £15m - £10m less than indicated three months ago - but Dalgety is confident no further "mad cow" provisions will be needed now that manufacturing has been rescheduled and products reformulated.

Another £5m was lost as a result of a product contamination scare in Holland involving a dry petfood that killed 330 cats and, to cap it all, local

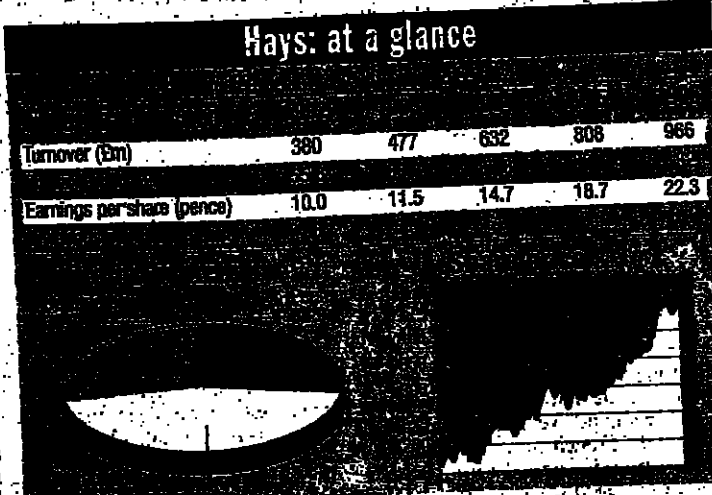
objections forced Dalgety's subsidiary, the Pig Improvement Company, to drop plans to build Britain's biggest pig farm in the Scottish Highlands. As all of this was while the £465m acquisition of Quaker's European petfood business was being bedded down it is easy to see why Dalgety's chief executive Richard Clothier described the year to June as "character forming to say the least".

Excluding one-off items, pre-tax profits fell by a fifth to £102m, including £52.7m (£33.4m) of Quaker reorganisation costs. Adding back the £64.4m gained on the disposal of the Golden Wonder bagged snacks business restricted the pre-tax setback to 4 per cent, to £89.6m. The uncovered dividend was held at 22p.

Mr Clothier remains convinced that buying Quaker's European petfood business was the right strategic move. Maybe, but apart from Felix, the old Spillers petfood business is struggling against stiff competition from Mars and Nestlé.

Worse, the Quaker deal has boosted petfood profits by less than £10m to £36.1m - a poor return on the £550m, including £34m of restructuring costs, shareholders forked out.

Profits of £120m in 1997 would put the shares, at 329p, on a p/e of 12, yielding 8.3 per cent. Avoid.



BUSINESS & PEOPLE Cook's guide for property world

Iain Watters, executive chairman of MPEC, has every reason to look pleased with himself as he tucks into his favourite Sunday lunch, *foie gras* at Cliveden, the country house retreat.

The property chief has gone on a sponsored slim for charity and has shed 13.6 kilos from his former 115.4 kilo-self.

Now Mr Watters has teamed up with Derek Penfold, a journalist, to compile a book of top property people's favourite eating habits. Mr Watters has written to a number of leading lights in the property world asking for a minimum of £1,000 sponsorship and a contribution to the book as well.

The funds raised will be for Centrepoint, the charity which helps London's homeless young people.

The newly trim Mr Watters says: "This book will virtually be a who's who of the property world - as well as an invaluable guide to the sort of dish you should serve up at your next networking opportunity."

So it looks like carrot juice and nut cutlets all round at your next property dinner. Better take a sandwich.

Michael Hicks, head of UK sales trading at Société Générale Strauss Turnbull Securities, is so superstitious he makes Mystic Meg look like a professor of Logical Positivism.

Mr Hicks has made a rule of never going to work on Friday the thirteenth, believing it to be bad luck. Last Friday he stayed away and was instead involved in a car crash.

The Hicks dread of the date has a good pedigree. He says: "Once I lost a lot of money at poker. Another time I crashed into a horse at night. Then there was the hotel room numbered 13a at Gatwick which should have been numbered 13, where we were delayed..."

And so on and so on. But last Friday his caution was to no avail. He had agreed to drop his wife off to deliver some material for the local WI. "I parked the car in the thoroughfare. I had the radio on, I picked up the new copy of Punch - and then a

woman with a tow bar on her car ran into the front, she bashed in my front bumper and broke the number plate."

The ill-fated Mr Hicks continues: "We started to argue and a crowd started to assemble. Finally I got away and went to have a cup of tea. I was shaking with anger. Then the tea shop told me they had just stopped serving."

Something tells me a lucrative career on the telly awaits Mr Hicks if he ever tires of equities.

There's a certain amount of stirring in the dovecots over at 10 Lombard Street, head office of Eloyds TSB, where the rumour is that Sir Brian Pitman is about to be promoted from group chief executive to chairman.

Sir Brian has done a much better job than Margaret Thatcher of going on and on



Dosh for nosh: Iain Watters, fundraising for Centrepoint

and on. He has been asked by the bank's board to stay on as group boss twice, despite being well past the normal Lloyds retirement age of 60. He will be 65 in December.

The rumours have been stocked by a board meeting due on Friday. The present chairman, Sir Robin Ibbot, is leaving next spring and the banking fraternity is agog at who will try to fill Sir Brian's shoes if he does ascend to the chairmanship.

The two deputy group chief executives, Peter Elwood and Alan Moore, are in the running, while Archie Norman of Asda has been mentioned as an outsider. How about Richard Branson?

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Turning point reached as EMU battle intensifies

Fudge or wait? When you don't know which way a coin is going to flip, it is probably better to admit it and think about something on which you can make a sensible judgement. So it should be with European monetary union. But do not despair, for there is something else happening which is very, very interesting indeed.

We are seeing a flurry of excitement about preparations for EMU in Germany and France. Last Friday saw a deal on the German budget, agreeing cuts in public spending, in particular on social security, which would bring the fiscal deficit closer to the 3 per cent Maastricht limit. France will seek to do much the same. Meanwhile, Germany and France are pressing for some kind of post-EMU deal to stop countries that have joined the system from running lax fiscal policies after they have signed up. Expect some kind of agreement to be reached at the Dublin meeting of EU ministers and central bank governors on Friday.

So, it would seem, it is all good. But we are not learning from this flurry of action any new information on whether EMU will start on time, or on whether it will be a political decision and there is no new political information, except that Chancellor Kohl can get a budget through Parliament, which everybody knew already.

Insofar as economics are relevant, the main issue is whether a sufficiently strong recovery can be sustained in Germany and France, to withstand the fiscal tightening which both countries are imposing. Here the jury remains out.

Such economic information as



ECONOMIC VIEW HAMISH McRAE

We have had in recent weeks simply confirms the fact that Germany is managing an OK recovery and France is not. You can see that on the left-hand chart, together with some (quite optimistic) forecasts for the next 18 months from the US bank, JP Morgan.

The next chart shows business expectations, which have perked up in Germany but show virtually no sign of doing so in France, while the third chart shows one of the reasons why: goodish export growth in Germany,

'We have been seeing a seismic shift in German and French fiscal policy'

but a worrying downturn in France. Since meeting the 3 per cent limit requires a strong economic performance in both countries through 1997, the message from all this is that Germany might have some chance of meeting Maastricht criteria provided they are relaxed enough, but that it is very difficult to see France doing so unless they are redefined in some quite radical way.

But we sort of knew that, too. So what is new?

I think it is this. We have in the past few days been witnessing the early stages of a seismic shift in German and French fiscal policy which signals not just a change in their ideas about the way fiscal policy interacts

with the economy, but also their ideas of the appropriate boundaries of the state.

Both countries are tightening fiscal policy at a time when the economy is very weak, but at the same time they are cutting personal taxation. That breaks the old rules in a similar way to Sir Geoffrey Howe's famous 1981 Budget, which was designed to stimulate economic growth, and then, when revenues fell short of expectations, a widening deficit forced spending cuts.

That at least is a theory. One could even blame Maastricht convergence criteria for the subsequent need to trim the deficit, citing the sanctions to be agreed (if they are) in Dublin on Friday.

As for France, we will get a better picture when we see details of the budget. But expect the same pattern of fiscal tightening plus tax cuts. Expect, too, to see a big effort to start getting the French social security system off the state balance sheet. At the weekend we had a statement from the French authorities that they were pressing ahead with a private sector pension scheme to supplement the state-run one. This would be a funded system, rather than pay-as-you-go. At this stage there is no suggestion that it will take over from the state system or represent any weakening of commitment to that. But in practice it looks as though France is seeking to establish something much more like the British system, with a basic pay-as-you-go state pension but

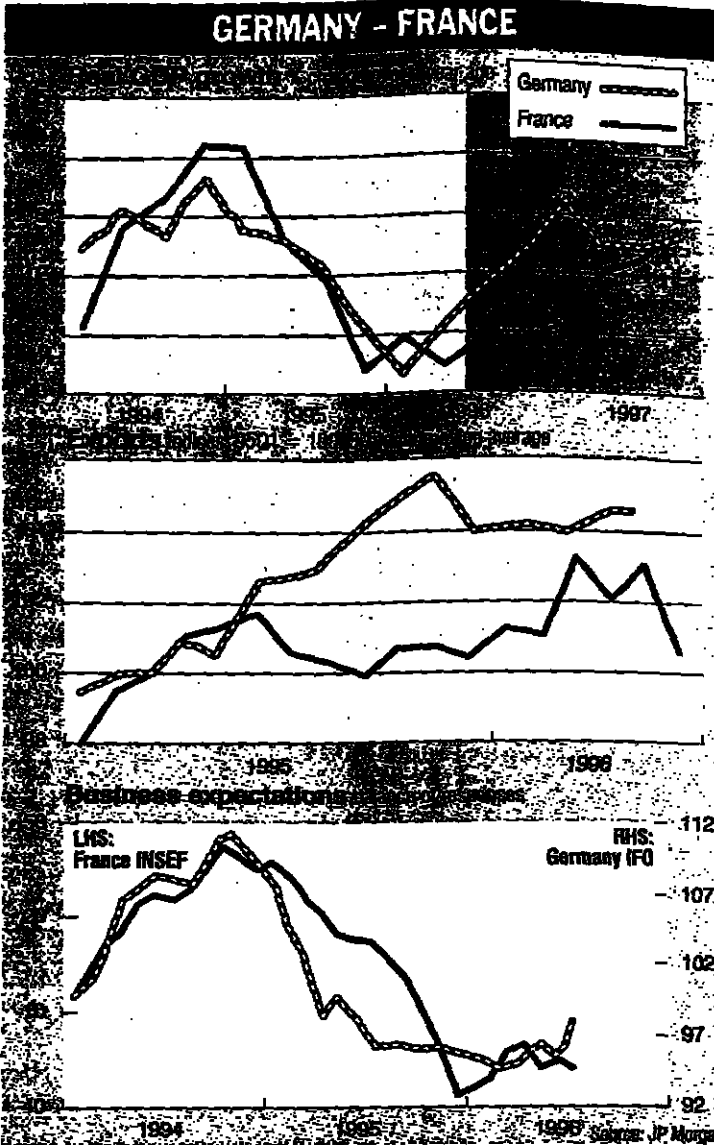
for more than 30 per cent of GDP. Over the weekend the health minister, Horst Seehofer, acknowledged that these cuts were a minimal programme and Germany would have to save much more. That was just two days after the hard-fought parliamentary battle.

supported by private sector schemes, which are fully funded.

This evidence might seem a bit thin to support the argument that a radical rethink of the role of the state is taking place in France and Germany: a couple of annual budgets which nibble at the problem, a few statements by politicians, some quite limited spending cuts and the promises of falling personal taxation in the future.

That is a fair criticism. The evidence is thin at the moment, the signals pretty weak. In any case, these signals about a shift of policy are to some extent drowned out by the noisy debate about EMU. But I suggest that there is enough evidence to say that a turning point may have been reached. European politicians are beginning to talk in a quite different way from the language they used five years ago. What has been happening in Britain is not so important, but the progress of the US economy, in particular its ability to cut unemployment to the 5-6 per cent region, has had an enormous effect. So too has the fact that Continental European countries compare themselves not just with North America but also with the tiger economies of East Asia, where unemployment (and taxation) is even lower.

But if you wait for the evidence to pile up, you miss the turning point. I suspect that when we look back on this period 20 or more years hence, we will focus not on the preparations for EMU as such but the change in public attitudes in both France and Germany to the role of the state. Every few days which pass reveal another building block of what will become the new model for the social security systems of Western Europe.



Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	1.5588	5.3	10.7				
Canada	2.3326	11.3	50.37				
Germany	2.3326	50.46	100.46				
France	8.0049	51.34	387.367				
Italy	2.0723	45.63	142.165				
Japan	171.82	75.70	225.28				
ECU	1.4811	15.11	45.40				
Belgium	46.3855	15.18	31.26				
Netherlands	9.0078	59.16	445.225				
Denmark	2.6345	65.57	357.174				
Ireland	0.9685	7.5	20.14				
Norway	1.0067	10.50	310.200				
Spain	168.06	21.31	69.86				
Sweden	10.327	40.11	1.8				
Switzerland	12.0201	54.46	83.046				
Australia	1.0750	20.31	67.25				
Hong Kong	12.928	40.61	224.170				
Malaysia	3.8889	0.4	0.4				
New Zealand	2.2408	43.57	33.55				
Saudi Arabia	5.5387	0.4	0.4				
Singapore	2.5971	0.4	0.4				

Other Spot Rates

Country	Spot	Dollar	Country	Spot	Dollar
Argentina	15.589	0.0899	Nigeria	124.508	0.0080
Australia	16.5559	0.0818	Oman	0.5895	0.0050
Brazil	15.572	0.093	Pakistan	57.5964	0.0033
Canada	12.0201	0.0846	Philippines	28.2746	0.0035
China	8.2777	0.0436	Portugal	24.000	0.0420
Denmark	7.0855	0.0451	Qatar	5.5890	0.0451
Ghana	263.049	0.0000	Russia	8.0880	0.0000
Greece	34.578	0.0000	South Africa	8.9883	0.0000
India	55.5778	0.0000	Taiwan	42.0296	0.0000
Kuwait	0.4676	0.0000	UAE	5.7381	0.0000

Forward rates quoted high to low are at a discount; subtract from spot rate. Low to high are at a premium; add to spot rate. For the latest foreign exchange rates call 0801 123 3033. Cable cost 50p per minute (cheap rate 40p after hours).

Interest Rates

UK	Germany	US	Japan
Base	5.75%	Discount	5.75%
Prime	5.75%	Discount	5.75%
Overnight	3.55%	Discount	5.75%
10 Day	5.75%	Discount	5.75%
3 Month	5.75%	Discount	5.75%
6 Month	5.75%	Discount	5.75%
12 Month	5.75%	Discount	5.75%

Bond Yields

Country	Yield	Country	Yield
UK	7.1%	Netherlands	6.1%
US	6.1%	Spain	6.1%
Germany	5.1%	Sweden	6.1%
France	5.1%	Switzerland	6.1%
Italy	5.1%	Belgium	6.1%
Japan	5.1%	Australia	6.1%
Canada	5.1%	New Zealand	6.1%

Money Market Rates

Country	Rate	Country	Rate
UK	5.75%	US	5.75%
Germany	5.75%	Japan	5.75%
France	5.75%	Italy	5.75%
Spain	5.75%	Sweden	5.75%
Belgium	5.75%	Australia	5.75%
Netherlands	5.75%	New Zealand	5.75%
Switzerland	5.75%	South Africa	5.75%
Portugal	5.75%	Qatar	5.75%
Greece	5.75%	Russia	5.75%
Denmark	5.75%	UAE	5.75%
India	5.75%	Saudi Arabia	5.75%
Singapore	5.75%	Malaysia	5.75%

Tourist Rates

Country	Rate	Country	Rate
UK	5.75%	US	5.75%
Germany	5.75%	Japan	5.75%
France	5.75%	Italy	5.75%
Spain	5.75%	Sweden	5.75%
Belgium	5.75%	Australia	5.75%
Netherlands	5.75%	New Zealand	5.75%
Switzerland	5.75%	South Africa	5.75%
Portugal	5.75%	Qatar	5.75%
Greece	5.75%	Russia	5.75%
Denmark	5.75%	UAE	5.75%
India	5.75%	Saudi Arabia	5.75%
Singapore	5.75%	Malaysia	5.75%

Life Financial Futures

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Life FT-SE Index Option

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Energy

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Commodity Indices

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Industrial Metals

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Precious Metals

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Agricultural

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Other Softs

Contract	Settlement	High/Low	Open
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2
Long	10.2	10.2	10.2
Short	10.2	10.2	10.2

Latest Unit Trust Prices

Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd
USA Equity & Law Unit Trust Managers USA Equity & Law Inc, Capabilities Concorde Unit Trust															

Bluff a trump card in Barron's hand

Greg Wood talks to a trainer aiming a team of three at the Ayr Gold Cup

"He won it quite well," David Barron says as he reflects on Coastal Bluff's Stewards' Cup. It is a comment which elevates understatement to the realms of high art.

It would be wrong to say that Coastal Bluff turned the season's most competitive sprint handicap at Goodwood last month into a procession, for there was nothing procession-like about the typically desperate manner in which the other 29 runners scrapped for second place.

By the time they reached the post, though, Barron's runner-on a handicap mark of 91-had long since sailed past it on a tight rein. The gap between winner and pursuers was almost sufficient to allow the spectators a check of the watch and an embarrassed shuffle of their feet.

Even Lochsong, who matured into the best sprinter of her generation, did not rout her field so thoroughly when winning the Stewards' off a handicap mark of just 82, four years previously.

Little wonder, then, that despite a recent headline charge up the weights, Coastal Bluff is the 6-1 favourite for the Ayr Gold Cup on Saturday, in which he must give weight to the entire field.

Victory would complete a notable season in the big sprints for Barron, who placed Musical Season to win the Portland Handicap at Doncaster last week despite the gelding's three-month absence from the track. At Ayr, it seems, title will be left to chance, and both Musical Season, a 14-1 shot after yesterday's five-day declaration stage, and For The Present

(20-1) are among the first dozen names on Ladbroke's latest list. Their trainer, however, has no doubts about the relative merits of his team.

On everything they've ever done together, and he'll have worked with virtually every sprinter we've had during the year, Coastal Bluff above the head and shoulders above the lot of them," Barron said yesterday. "He's got to the stage in the handicap now where he needs a little help, like a good draw, and we'd have liked a little rain to ease the ground. But I've a fair idea of what the other-

Those better horses need not necessarily be sprinters, though for now he has little choice. "It's just the way things turn out. You can buy horses for not a lot of money that could turn out to be quite decent sprinters, but with the middle-distance and staying horses, you have to spend money to get those boys."

The orders would surely arrive, though, if Coastal Bluff could progress as Barron feels he should. "If he proves to be as good as we think he is, his career is quite easy to map out," he says. "It's when you've got a horse on 75 and you know his real mark should be 65, that's when you have problems. He's a great big horse, and the one thing I'm certain of is that if he stays sound, there's better to come from him."

Who knows, if Coastal Bluff continues to improve, we may even discover just what he needs to do to persuade his trainer that "he won it very well."

For several seasons, the part-

nership of Barron and Greaves cleaned up on the all-weather circuit in much the same way that O'Brien and Piggott used to do in the Classics, but the trainer's attention has now turned to better things.

"It served a purpose for us in the early days," he says, "but it depends which way you want to go and personally I'm not really interested in it nowadays. I don't want more horses, I want better horses and, to be fair, a lot of all-weather racing now is absolute garbage."

Those better horses need not necessarily be sprinters, though for now he has little choice. "It's just the way things turn out. You can buy horses for not a lot of money that could turn out to be quite decent sprinters, but with the middle-distance and staying horses, you have to spend money to get those boys."

The orders would surely arrive, though, if Coastal Bluff could progress as Barron feels he should. "If he proves to be as good as we think he is, his career is quite easy to map out," he says. "It's when you've got a horse on 75 and you know his real mark should be 65, that's when you have problems. He's a great big horse, and the one thing I'm certain of is that if he stays sound, there's better to come from him."

Who knows, if Coastal Bluff continues to improve, we may even discover just what he needs to do to persuade his trainer that "he won it very well."

Four horses killed by fire at Old's yard

Four horses died as a result of a fire yesterday at the Wilshire stables of the trainer Jim Old, who won the Champion Hurdle with Collier Bay at Cheltenham in March. The blaze broke out at a barn in the early hours of yesterday morning at Upper Herdwick Farm.

Forty horses were in the barn when the fire started. It was spotted by a neighbour who freed the animals and called the emergency services, police said. But two horses, trapped by the smoke and flames, died from their injuries inside and

Two Tarts spell trouble

Two horses named Tart seem certain to cause confusion in betting shops today. Punters should mark their shirts carefully as the two have been declared for races at Yarmouth and Sandown this afternoon.

Tart (FR), a French-bred filly trained by James Fanshawe, runs in the opening event at Yarmouth.

But it is a different filly from Tart - without the suffix - who will turn out for Fokke Johnson-Houghton in the last race on Sandown's card.

Bees on either horse which do not clearly state the intended race could be declared void.

YARMOUTH

2.35 Tart (Fr) 3.10 Bint Shadady 3.45 Smithersens 4.15 Portlet 4.45 Uncle George 5.20 Chain Reaction

GOING: Good. STALLS: Straight course - stands side; round course - inside. DRAW ADVANTAGE: High for 5f to 1m. (Course to north of turn on A146. Yarmouth station a mile away. ADMISSION: Club 51; Families 55; Public 55; Family and course enclosure 51.50. CAR PARK: 51.

LONG-DISTANCE RUNNERS: How's Yer Partner (4.45) has been sent 250 miles by R. Hodges from Chaston, Somerset.

2.35 BROOKLYN CLAIMING STAKES (CLASS E) £4,200 added 3yo 3f 100yds

1. 20344 BALFOUR (2) (Fr) 9-1. 2. 00003 TIME FOR TEA (2) (Fr) 9-1. 3. 20345 STAKE APPROVAL (2) (Fr) 9-1. 4. 20346 TART (2) (Fr) 9-1. 5. 20347 CHOCOLATE ICE (2) (Fr) 9-1. 6. 20348 BROWN SEA (2) (Fr) 9-1. 7. 20349 SEVEN SEVEN (2) (Fr) 9-1. 8. 20350 CLUED UP (2) (Fr) 9-1. 9. 20351 FAR ATLANTIC (2) (Fr) 9-1. 10. 20352 FURRY (2) (Fr) 9-1. 11. 00001 HONOR (2) (Fr) 9-1.

2.35 JOHN MUSKER STAKES (CLASS A) (Listed) £17,000 added 3yo 3f 100yds

1. 11886 SARDONIC (2) (Fr) 9-1. 2. 11887 ANAKKA (2) (Fr) 9-1. 3. 11888 BULBUL (2) (Fr) 9-1. 4. 11889 BROWN SEA (2) (Fr) 9-1. 5. 11890 BROWN SEA (2) (Fr) 9-1. 6. 11891 BROWN SEA (2) (Fr) 9-1. 7. 11892 BROWN SEA (2) (Fr) 9-1. 8. 11893 BROWN SEA (2) (Fr) 9-1. 9. 11894 BROWN SEA (2) (Fr) 9-1. 10. 11895 BROWN SEA (2) (Fr) 9-1. 11. 11896 BROWN SEA (2) (Fr) 9-1.

2.35 WILLIAM BULWER LONG MILE STAKES (CLASS D) £6,000 added 5f 43yds

1. 20006 SHAWWAT (2) (Fr) 9-1. 2. 20007 SHAWWAT (2) (Fr) 9-1. 3. 20008 SHAWWAT (2) (Fr) 9-1. 4. 20009 SHAWWAT (2) (Fr) 9-1. 5. 20010 SHAWWAT (2) (Fr) 9-1. 6. 20011 SHAWWAT (2) (Fr) 9-1. 7. 20012 SHAWWAT (2) (Fr) 9-1. 8. 20013 SHAWWAT (2) (Fr) 9-1. 9. 20014 SHAWWAT (2) (Fr) 9-1. 10. 20015 SHAWWAT (2) (Fr) 9-1. 11. 20016 SHAWWAT (2) (Fr) 9-1.

4.15 BRIAN TAYLOR MEMORIAL HANDICAP (CLASS C) £7,850 added 5f 43yds

1. 20003 FORKLETT (2) (Fr) 9-1. 2. 20004 FORKLETT (2) (Fr) 9-1. 3. 20005 FORKLETT (2) (Fr) 9-1. 4. 20006 FORKLETT (2) (Fr) 9-1. 5. 20007 FORKLETT (2) (Fr) 9-1. 6. 20008 FORKLETT (2) (Fr) 9-1. 7. 20009 FORKLETT (2) (Fr) 9-1. 8. 20010 FORKLETT (2) (Fr) 9-1. 9. 20011 FORKLETT (2) (Fr) 9-1. 10. 20012 FORKLETT (2) (Fr) 9-1. 11. 20013 FORKLETT (2) (Fr) 9-1.

4.45 CAISTER SELLING STAKES (CLASS G) £3,000 added 7f 7yds

1. 20003 FORKLETT (2) (Fr) 9-1. 2. 20004 FORKLETT (2) (Fr) 9-1. 3. 20005 FORKLETT (2) (Fr) 9-1. 4. 20006 FORKLETT (2) (Fr) 9-1. 5. 20007 FORKLETT (2) (Fr) 9-1. 6. 20008 FORKLETT (2) (Fr) 9-1. 7. 20009 FORKLETT (2) (Fr) 9-1. 8. 20010 FORKLETT (2) (Fr) 9-1. 9. 20011 FORKLETT (2) (Fr) 9-1. 10. 20012 FORKLETT (2) (Fr) 9-1. 11. 20013 FORKLETT (2) (Fr) 9-1.

5.20 JACK LEADER NURSERY HCAP (CLASS D) £5,000 added 2yo 10f 13yds

1. 00001 LUCKY GARDNER (2) (Fr) 9-1. 2. 00002 LUCKY GARDNER (2) (Fr) 9-1. 3. 00003 LUCKY GARDNER (2) (Fr) 9-1. 4. 00004 LUCKY GARDNER (2) (Fr) 9-1. 5. 00005 LUCKY GARDNER (2) (Fr) 9-1. 6. 00006 LUCKY GARDNER (2) (Fr) 9-1. 7. 00007 LUCKY GARDNER (2) (Fr) 9-1. 8. 00008 LUCKY GARDNER (2) (Fr) 9-1. 9. 00009 LUCKY GARDNER (2) (Fr) 9-1. 10. 00010 LUCKY GARDNER (2) (Fr) 9-1. 11. 00011 LUCKY GARDNER (2) (Fr) 9-1.

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RACING RESULTS

NOTTINGHAM

2.00: 1. BROUGHTONS FORMULA (U) 10-1. 2. Requested 10-1. 3. 10-1. 4. 10-1. 5. 10-1. 6. 10-1. 7. 10-1. 8. 10-1. 9. 10-1. 10. 10-1. 11. 10-1. 12. 10-1. 13. 10-1. 14. 10-1. 15. 10-1. 16. 10-1. 17. 10-1. 18. 10-1. 19. 10-1. 20. 10-1. 21. 10-1. 22. 10-1. 23. 10-1. 24. 10-1. 25. 10-1. 26. 10-1. 27. 10-1. 28. 10-1. 29. 10-1. 30. 10-1. 31. 10-1. 32. 10-1. 33. 10-1. 34. 10-1. 35. 10-1. 36. 10-1. 37. 10-1. 38. 10-1. 39. 10-1. 40. 10-1. 41. 10-1. 42. 10-1. 43. 10-1. 44. 10-1. 45. 10-1. 46. 10-1. 47. 10-1. 48. 10-1. 49. 10-1. 50. 10-1. 51. 10-1. 52. 10-1. 53. 10-1. 54. 10-1. 55. 10-1. 56. 10-1. 57. 10-1. 58. 10-1. 59. 10-1. 60. 10-1. 61. 10-1. 62. 10-1. 63. 10-1. 64. 10-1. 65. 10-1. 66. 10-1. 67. 10-1. 68. 10-1. 69. 10-1. 70. 10-1. 71. 10-1. 72. 10-1. 73. 10-1. 74. 10-1. 75. 10-1. 76. 10-1. 77. 10-1. 78. 10-1. 79. 10-1. 80. 10-1. 81. 10-1. 82. 10-1. 83. 10-1. 84. 10-1. 85. 10-1. 86. 10-1. 87. 10-1. 88. 10-1. 89. 10-1. 90. 10-1. 91. 10-1. 92. 10-1. 93. 10-1. 94. 10-1. 95. 10-1. 96. 10-1. 97. 10-1. 98. 10-1. 99. 10-1. 100. 10-1. 101. 10-1. 102. 10-1. 103. 10-1. 104. 10-1. 105. 10-1. 106. 10-1. 107. 10-1. 108. 10-1. 109. 10-1. 110. 10-1. 111. 10-1. 112. 10-1. 113. 10-1. 114. 10-1. 115. 10-1. 116. 10-1. 117. 10-1. 118. 10-1. 119. 10-1. 120. 10-1. 121. 10-1. 122. 10-1. 123. 10-1. 124. 10-1. 125. 10-1. 126. 10-1. 127. 10-1. 128. 10-1. 129. 10-1. 130. 10-1. 131. 10-1. 132. 10-1. 133. 10-1. 134. 10-1. 135. 10-1. 136. 10-1. 137. 10-1. 138. 10-1. 139. 10-1. 140. 10-1. 141. 10-1. 142. 10-1. 143. 10-1. 144. 10-1. 145. 10-1. 146. 10-1. 147. 10-1. 148. 10-1. 149. 10-1. 150. 10-1. 151. 10-1. 152. 10-1. 153. 10-1. 154. 10-1. 155. 10-1. 156. 10-1. 157. 10-1. 158. 10-1. 159. 10-1. 160. 10-1. 161. 10-1. 162. 10-1. 163. 10-1. 164. 10-1. 165. 10-1. 166. 10-1. 167. 10-1. 168. 10-1. 169. 10-1. 170. 10-1. 171. 10-1. 172. 10-1. 173. 10-1. 174. 10-1. 175. 10-1. 176. 10-1. 177. 10-1. 178. 10-1. 179. 10-1. 180. 10-1. 181. 10-1. 182. 10-1. 183. 10-1. 184. 10-1. 185. 10-1. 186. 10-1. 187. 10-1. 188. 10-1. 189. 10-1. 190. 10-1. 191. 10-1. 192. 10-1. 193. 10-1. 194. 10-1. 195. 10-1. 196. 10-1. 197. 10-1. 198. 10-1. 199. 10-1. 200. 10-1. 201. 10-1. 202. 10-1. 203. 10-1. 204. 10-1. 205. 10-1. 206. 10-1. 207. 10-1. 208. 10-1. 209. 10-1. 210. 10-1. 211. 10-1. 212. 10-1. 213. 10-1. 214. 10-1. 215. 10-1. 216. 10-1. 217. 10-1. 218. 10-1. 219. 10-1. 220. 10-1. 221. 10-1. 222. 10-1. 223. 10-1. 224. 10-1. 225. 10-1. 226. 10-1. 227. 10-1. 228. 10-1. 229. 10-1. 230. 10-1. 231. 10-1. 232. 10-1. 233. 10-1. 234. 10-1. 235. 10-1. 236. 10-1. 237. 10-1. 238. 10-1. 239. 10-1. 240. 10-1. 241. 10-1. 242. 10-1. 243. 10-1. 244. 10-1. 245. 10-1. 246. 10-1. 247. 10-1. 248. 10-1. 249. 10-1. 250. 10-1. 251. 10-1. 252. 10-1. 253. 10-1. 254. 10-1. 255. 10-1. 256. 10-1. 257. 10-1. 258. 10-1. 259. 10-1. 260. 10-1. 261. 10-1. 262. 10-1. 263. 10-1. 264. 10-1. 265. 10-1. 266. 10-1. 267. 10-1. 268. 10-1. 269. 10-1. 270. 10-1. 271. 10-1. 272. 10-1. 273. 10-1. 274. 10-1. 275. 10-1. 276. 10-1. 277. 10-1. 278. 10-1. 279. 10-1. 280. 10-1. 281. 10-1

sport

Guy Hodgson pays a visit to Buckmore Park in Kent to uncover the Formula One 'Champions of the Future'

Real boy racers given kart blanche

The scenes around the paddock were familiar. Shapely women mingled among the dirt and the oil, fussing over their drivers while wondering whether their nerves could stand the strain of viewing their loved ones defy physics on the track. The difference was that these were mothers, not wives or girlfriends.

"I watch," one said, her tone betraying the depth of her bravery. "A lot of mothers can't but I feel I'm in control of events if I'm there. It's stupid, I know." Did she worry? Her eyebrows threatened to take off. "Of course," she said. "Of course I do."

The object of her concern at Buckmore Park, near Chatham in Kent, looks like a tadpole. His head made enormous by a helmet, the spindleness of his limbs exaggerated by his overalls, but these eight to 16-year-olds hope - no, expect - to be transformed into princes of motor racing.

The event was billed Champions of the Future and is no idle boast. Michael Schumacher, Ayrton Senna and Alain Prost took their first fix of speed behind the wheel of a kart and all but two of today's grand prix drivers took that route towards the pinnacle of motor racing. One of them is Damon Hill, who hopes to wrap up the Formula One world championship this weekend in Portugal, but more of that later.

"The great drivers today were great kart drivers yesterday," said Ron Dennis, boss of the McLaren-Mercedes Formula One team, who sponsor the six-race series. "It's a common thread. There's no doubt that a small percentage of the drivers you see here will make it to the top. In 10 years if everything went smoothly."

There might have been embryonic grand prix drivers at Buckmore Park but the scenes would have astonished people whose exposure to motor racing is limited to Formula One. There is no equivalent of Williams, for example, a team so dominant that others, mechanical breakdown or mistakes apart, are destined to follow and glory be, overtaking is done on the track instead of in pit lanes. The karts were wheel to wheel, fighting for an advantage.

A short while spent at the hairpin closest to the paddock showed why mothers close their



The next generation of would-be grand prix drivers take to their karts at Buckmore Park

Photograph: Robert Hallam

eyes and pray. Kids only just too old to be playing with Dinky cars were fractions apart, their tyres screaming in protest, a plastic petrol tank wedged between their legs and their rear two inches from the ground. They are boy racers in the best terms of the words, too young and not daft enough to confine their wheelspins to fast exits from pub car parks on a Friday night.

"The smell of two-stroke and the noise, it's all very nostalgic," Martin Brundle, the Jordan driver, said. "You miss the hooligan element, if you like, in Formula One, charging around

and having a good old scrap. The tracks are big enough to overtake and the atmosphere is terrific."

There are other qualities required in an F1 driver, like a thick skin when your boss tells you to accelerate in the direction of another team, and the organisers of the Champions of the Future series were not exactly left on the grid when it came to landing a soft blow on a body that has taken a verbal pummeling in recent weeks. "If he'd raced karts," a press release read, "would Damon Hill be better at overtaking?"

The gist of the argument was that karts teach parts of racing that are hard to acquire elsewhere. Hill, so paddock wisdom had it, does not go by his rivals with the smooth ease of Schumacher because karting was left out of his education.

"Karts are so evenly matched," said Martin Hines, three times the world karting champion and creator of the series, "that the slightest error can mean you lose 10 places. If you go off line a whole train of karts come by bumper to bumper and there's no gap for you to get back in. It teaches

you not to make any mistakes."

David Coulthard, who raced with Hill at Williams before joining McLaren, would not be so stupid as to criticise a driver who is poised to win the world championship, but he began his racing in karts at the age of 11 and acknowledges the debt. "I learned how to drive in them," he said. "I used to race every weekend, four times a day, whereas now I only compete in 16 races a year. My skills were honed in karts. All I've done since is develop my knowledge of how to set a car up."

The sheer enormity of the

transition through the various grades of motor racing hits you when Coulthard, a grand prix driver for three seasons, reveals he only paid off his debts incurred on the way up last year. It's not just the racing that makes champions for the future important, he says, but the education programme being run alongside it to teach young drivers out-of-car skills like dealing with potential sponsors and the media.

"There's a much clearer route into cars now," he said. "Even when I was starting there was no natural progression

from karts in this country, whereas now these kids will tell you which type of car they will be driving and in what year. It's all mapped out. There's no doubt about it, some of the youngsters here will make it."

Like possibly the two youngsters from the Formula Cadets race who clearly were aggrieved with each other after a heat. There was no violence but a few pouts and glares were exchanged before the duo retired to their own teams with tales to tell. As they had been saying all afternoon, a perfect grounding for Formula One.

Couples conquers rest of the world

Golf

Fred Couples tricked in a 30-foot birdie putt to clinch a one-point victory for the United States over the International team in the Presidents Cup at Gainesville, Virginia. The US won 16-15, but only after a mammoth struggle in the 12 final-day singles matches.

Couples, in the final match, needed to beat Vijay Singh to capture the cup, and did so at the 17th hole. After the former US Masters champion sank his birdie putt, Singh had to hole his 15-footer to keep the competition alive, but he was bothered by a spike mark and missed.

Peter Thomson, captain of the losing side, which com-

prised the best players from the rest of the world except Europe, said: "It would have been wonderful if we'd won as I think we played well enough to do it. I can't remember in my lifetime anything as exciting and emotional as that."

The Internationals had fallen five points behind on the first day, recovering to reduce the deficit to one point going into the final day, but still needed to win seven of the 12 singles.

The US then won five of the first seven singles contests and the International team needed to win all the last five. Steve Elkington, Ernie Els, Greg Norman and Frank Nobilo all won their matches, but Couples proved too strong for Singh.

Scores, Digest, Page 25

European Cup on the brink of extinction

Rugby Union

DAVID LLEWELLYN

Last-ditch efforts were being made yesterday to save the European Cup.

The competition, backed by Heineken and broadcast by ITV, was won last year by Toulouse after a thrilling final against Cardiff. But it has been beset by rumours and whisperings of failure, and ITV has certain misgivings about it.

Two of European Rugby Cup Ltd's leading officials, Tom Kieran and Vernon Pugh, met ITV officials yesterday in an attempt to keep the tournament, due to begin next month, on the future list. But last night leading club officials in England were predicting that ITV, whose total input is in the region of £15m, would pull out. If they did, Heineken would surely follow.

An ITV spokesperson said: "ITV's coverage is under discussion. There is a problem." That problem is believed to do with the scheduling of programmes and the number of matches they are supposed to cover.

Another of ITV's worries is the possible non-participation of the English clubs, particularly in light of revelations over the weekend of a newly formed European Rugby Federation which would embrace clubs in the four Home Unions as well as those in France, Italy and possibly Romania. An organisation such as ERF clearly would have plans to run their own competition, something which English Professional Rugby Union Clubs are eager to do. Anything that hindered or brought about the demise of a competition run by the present British governing bodies would aid the clubs' cause.

To date, the other participating countries in the cup, in which the top four Courage League One clubs are scheduled to play, and the Conference (the secondary competition involving the bottom six English clubs in the First Division) have all signed an agreement that they will participate for the remaining two years of the tournament. None of the English clubs have signed anything, although they have stated they will participate this season. But time is running out, with the opening matches due to be played on 12 October.

Americans provide a 'cheap fix'

English basketball players are being pushed aside. Richard Taylor reports

Now that the lights have gone up on the new Budweiser League season, the only place on the planet where the fans can watch more Americans play basketball is in the United States itself.

Equally certain is that the lights are going down on basketball as an international sport in England. After the Bosman ruling, the clubs have lost an average of just over one player per team to the Continent, including leading internationals such as Steve Bucknall (to Greece), Trevor Gordon (to Italy) and Andy Gardiner (to Belgium).

But the league have allowed clubs to recruit three extra Americans, up to a maximum of five per team. This has reduced the playing opportunities for English players, the lifeblood of national team development.

The league's priorities lie in satisfying sponsors and television, and reducing the liabilities of their clubs, who lost £1.5m last

year. With Budweiser adding a £1.5m two-year extension to their sponsorship and Sky TV showing a weekly live game after Sunday's Premiership football, the league faced the prospect of empty seats and a talent gap that had to be filled.

The league's chief executive, Mike Smith, said: "Emotionally we might feel it is the wrong decision. But, to be practical, we had to ensure there was a workforce to operate the league."

Caught in the crossfire are England's Hungarian coach, Laszlo Nemeth, and Kevin Cadle, the American coach of the league champions London Towers, who open their European Cup campaign in Italy tomorrow against Verona. Cadle, who lost Bucknall, Gardiner and Martin Henlan to Continental clubs, can use just two Ameri-

allowing teams to fill their ranks with low-grade Americans, in some cases, was a quick and cost-effective fix. "It's cheaper for the clubs," said Jeff Jones, the Derby Storm coach who has signed five Americans this season. Jones, 42, is an American who naturalised to play for England and now helps coach national junior players.

"Players like Bucknall could command £20,000 last season and owners know their coaches can get two Americans for that money," Jones said. "Bucknall is earning £150,000 with the Greek club Iraklis, while the total salary cap for each Budweiser League club is £135,000."

"It's a business and the owners and the League had to protect the product. On the surface, it's the quickest and easiest solution to combat the players' exodus. But it is a policy of isolation from the rest of Europe."

Cut hand rules McNamara out of tour

Rugby League

DAVE HADFIELD

The Bradford Bulls forward Steve McNamara is out of Great Britain's tour after an accident that could have cost him the use of his hand.

McNamara was helping out at his local amateur club, Skirlough, on Saturday when he tripped while carrying a crate of bottles, cutting his palm and

damaging nerves and tendons. Three hours of surgery at Hull Royal Infirmary saved his career, but the player is understandably disappointed at missing the tour to Papua New Guinea, Fiji and New Zealand. The players fly out on Friday.

"I had got my move from Hull to Bradford in the hope of more international honours, and I was playing well there," McNamara said. "I have been lucky in one way because I

nicked the artery and the doctors have told me that if the main cut had been there I could have lost my hand."

McNamara is replaced by Barrie-Jon Mather, the former Wigan centre or second-row and an England World Cup player. Mather has spent this season with Perth's Western Reds after transferring from Wigan.

Wigan have joined Sheffield Eagles and St Helens in making an inquiry for Warrington's

£1.35m transfer-listed Iestyn Harris. Warrington are to sign the Wigan and former Great Britain hooker Martin Derrmot, and the New Zealand second-row Tony Taitupu.

Houston in control at Loftus Road

Football

NICK DUXBURY

Stewart Houston yesterday spoke of the desire to be the top man that drove him to take charge at Queen's Park Rangers and end a 10-year association with Arsenal.

Houston, who has signed a three-year contract, succeeded Ray Wilkins at the First Division club, three days after leaving his second spell as caretaker manager at Highbury.

"This wasn't an instant decision, but one that was made over many events in the past six weeks," the 47-year-old Houston said. "They have been a fantastic six weeks, and the strength I have gained has been enormous."

"What it told me was that it was time for me to progress to a fresh challenge and have a go at being a No 1."

Houston will make the fullest use of the experience he gained working alongside George Graham at Arsenal. "Anybody who doesn't learn quickly working under George Graham is a fool," he said. "George was a teacher and also a winner." He refused to disclose whether Graham had offered him the chance to team up again at Leeds United.

Houston's war chest for putting Rangers back in the Premiership is less than the £9m that has been rumoured, but the club's multi-millionaire chairman, Chris Wright, insisted that there was no need for the club's 19th manager since the Second World War to sell before buying - a relief for Rangers supporters anxious about Trevor Sinclair's future.

Houston's baptism comes in tomorrow's second round Coca-Cola Cup tie at Swindon Town, but first he has to sort out a ticklish problem with his old mentor, Graham, regarding the extension of Mark Hateley's loan spell at Leeds which could leave the striker cup-tied.

Danny Bergara also got the chance to have his name on the manager's door when Rotherham United filled the vacancy created earlier in the day by the departure of Archie Gemmill and John McGovern after two years in charge. The Uruguay-born Bergara, who was assistant to David Pleat at Sheffield Wednesday, takes over a side who are bottom of the Second Division without a win in nine games.

The managerial changes in Scotland continued with Steve Archibald being sacked by First Division East Fife over "differences of opinion" and Iain Munro accepting the task of making Raith Rovers a "force in the Premier League".

Joe Royle's transfer fund for a striker is to be boosted by £10m from a new Everton share issue, while at the other end of the scale, Preston North End have broken their transfer record to sign the Wimbledon defender Alan Reeves for £350,000.

Derby County have outflanked would-be predators by securing the services of their two outstanding Croatians with new deals. The defender Igor Simac has had his contract extended by two years, and the midfielder Aljosa Asanovic has agreed to an additional year.

The Football Association is to introduce random breath tests for professional players in a drive to warn about the dangers of alcohol. The testing, which was planned before Arsenal's Tony Adams revealed his drink problem, will take place after matches and at training sessions. "The object is to identify those players who do have a problem and bring this to the attention of the club's medical staff," an FA spokesman said yesterday.

FANTASY FOOTBALL

Check your scores every Wednesday and Sunday and watch out for our first transfer period, coming soon.

PHILIPS
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THE INDEPENDENT ON SUNDAY

Another blow to family values

Ice hockey

STEVE PINDER

All-out action of the wrong sort saw eight players with Scottish clubs being ordered off at the weekend. Three Dumfries Vikings were thrown out in a rough-house at Dumfries as Paisley Pirates won 7-4 and five were thrown out - three Pirates and two Flyers - on Sunday when Paisley edged Fife Flyers 5-3 to move to the top of the Northern Premier Division.

Frank Dempster, the chairman of the British Ice Hockey Association's disciplinary com-

mittee, said: "This does not help the image of our family sport, nor does it help to encourage potential sponsors."

Stephen Marshall, a Dumfries director, said they would be watching a video of the game before deciding what action, if any, to take against Gordon Whyte, Dagen Kostic and Michael Tasker. The Paisley Pirates dismissed on Sunday were Scott Plevs, Kenny Redmond and Dean Edmondson. Fife Flyers declined to comment on their early bath pair Lee Ahercer and player-coach Mark Morrison.

The eight Superleague teams have qualified for the quarter-

finals of the Benson & Hedges Cup, reflecting the growing gulf between themselves and the regionalised divisions.

Ayr Scottish Eagles went into their last game, against Newcastle Cobras, unbeaten and looked set to take their run to six when they found themselves 3-0 down half-way through the game. Cobras struck back through Terho Koskela, Rick Brebant and Chris Norton to level the score, and even after Scott Young made it 4-3 to Ayr with 10 minutes left, Jukka Soumanalinen found time to equalise.

Cup results, Digest, Page 25

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SPORT

BOY RACERS GIVEN KART BLANCHE
Guy Hodgson uncovers tomorrow's Formula One heroes

Wenger confirmed as Arsenal manager

Football
GLENN MOORE

Arsenal finally named their new manager yesterday, two other managers and six weeks after they first decided to hire him. Given Highbury's descent into farce, it would have been fitting if the new manager had been named Rix - Brian, not Graham. In the event it is, as expected, Arsène Wenger, who becomes the first Frenchman to manage in England.

However, the farce has one final act - Wenger will not be taking over until the end of the month, by which time Arsenal will probably be out of Europe (they have already lost their UEFA Cup home leg 3-2 against Borussia Mönchengladbach).

Until then Pat Rice, who took over as caretaker-man-

ager when the previous caretaker, Stewart Houston, resigned on Friday, will be in charge. He will oversee the return leg with Mönchengladbach and league games against Middlesbrough and Sunderland and will then become Wenger's assistant - Arsenal have denied approaching either Rix (Graham) or Chris Waddle for that post. However, Houston - who was yesterday appointed manager of

Queen's Park Rangers - could yet entice Rice to Loftus Road.

Wenger's first official day at Highbury is to be on 30 September. He will have 12 days' grace before the first competitive match - away to Blackburn Rovers on 12 October. The 47-year-old becomes the 19th and highest-paid manager in Arsenal's history; he is believed to be receiving £2m over three years. He will also be given millions to

spend on rebuilding the team.

The move has created an international managerial merry-go-round which underlines the global nature of the modern game. Wenger will be replaced in Japan by Carlos Quirós, a former manager of the Portuguese national side who is currently coaching the New York/New Jersey Metrostars.

Nagoya Grampus Eight, the J-League club Wenger trans-

formed from laughing stock to serious force, had originally intended to retain Wenger until November, still two months before his contract expired.

The situation changed, said Masaharu Teshima, a Grampus Eight spokesman, when Arsenal sacked Bruce Rioch.

Interestingly, it suggests Arsenal sacked Rioch in the hope it would lead to an early release for Wenger. Peter Hill-Wood,

the Arsenal chairman, said: "We have paid them [Grampus Eight] nothing for his early release. They have acted like gentlemen and accepted that he so badly wanted to come to us."

Few would suggest Arsenal have behaved like gentlemen during the affair, but although his appointment has been badly handled, Wenger remains a bold, even admirable, choice. He comes with a high reputa-

tion for his work at Monaco and a glowing testimony from Glenn Hoddle, who played under him there and who was inspired to coach by Wenger.

The Frenchman becomes only the fourth non-British citizen to manage at the highest level in England. Two of the others - Ossie Ardiles and others - played here. The third, Josef Venglos, did not and the Czech lasted just one un-

happy season at Aston Villa. Arsenal expect Wenger to be more successful.

"This signals a new era for us," Hill-Wood said. "I believe Arsène Wenger is going to be a great success and drag football in this country into the 20th century. There is no doubt in my mind we are blinkered and backward as a sporting nation."

"Look at the British results in Europe, they were not good, including ours. We keep telling ourselves we have the best league in Europe, but it is not true. We need to catch up with the Continentals and we think Arsène is the man to help us."

Wenger, speaking from Japan, said yesterday: "It is my dream to take over a club in a top European league and if I didn't take the opportunity now, it may never happen."

Football and alcohol, page 3

Allen ends Washington's giant losing streak



Terry Allen (left), the Washington Redskins running back, breaks upfield with Corey Widmer, the New York Giants linebacker in pursuit. Washington ended a six-game losing sequence against the Giants with a 31-10 victory; Green Bay win again, page 23

McKinlay misses visit to Tynecastle

Tosh McKinlay will miss Celtic's Coca-Cola Cup quarter-final against his old club Hearts tonight, and may also be out of the first Old Firm derby of the season against Rangers at Ibrox on 28 September.

The 31-year-old Scotland international has undergone a minor knee operation after initially sustaining the injury in last month's World Cup qualifier against Austria in Vienna.

Celtic also have Alan Stubbs still injured and Brian O'Neill suspended, but that is nothing by comparison to the problems facing Hearts.

The four players sent off against Rangers on Saturday - Pasquale Bruno, David Weir, Neil Poynton and Paul Ritchie - will all be serving their automatic one-match suspensions.

"Three more defenders are injured but Jim Jefferies, the Hearts manager, said: "The quality of the four players we have lost will clearly lessen our chances, but we won't be sitting back. It's not as if you can play for a draw."

"We will have a go at Celtic. It would be nice to face them with a full squad, but we will give it our best shot. Sometimes when the chips are down it can work in your favour."

Jefferies, who has Craig Levein, Gary Locke and the reserve defender David Murie injured, could add the 13-year-old left-back Gary Naysmith because of the four suspensions. Celtic add Stuart Gray to their

squad, while there is a doubt over Jorge Cadete's fitness.

Aberdeen hope to continue their impressive defence of the cup as they travel to the First Division side Dundee in a repeat of last season's final, which Aberdeen won 2-0.

Jim Duffy, the Dundee manager, is waiting for news on the fitness of George Shaw, while the defender Tommy McQueen is out injured. "It was a big high to beat United at Bannock and it would be completely unbelievable to knock out Aberdeen as well," Duffy said.

"Financially, it would not make a great deal of difference to us unless we made it back to a final. The day someone comes in here and offers me money to buy a player is the day I will need resuscitation."

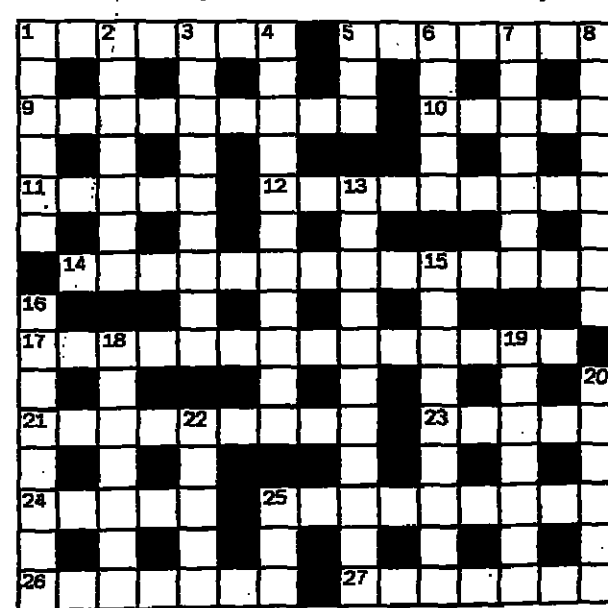
Aberdeen could recall the midfielder Paul Bernard at the expense of either David Rowson or Darren Young, while Stephen Glass and Dean Windass are fit.

The other Premier v First Division match is at East End Park, where Dunfermline meet Partick Thistle. Dunfermline reached the League Cup final five years ago where they lost to Hibs, while Partick have not made any impression on a cup tournament since reaching the Scottish Cup semi-final in 1979.

Thistle will be without Tommy Turner, Dave Farrell and Tom Smith, while Dunfermline have Hamish French back but will give a late fitness test to Craig Robertson.

THE INDEPENDENT CROSSWORD

No 3094, Tuesday 17 September By Astrid Monday's Solution



- ACROSS**
- Spilt syrup on father's paper (7)
 - Material to endure in short film (7)
 - Perhaps 50 centavos in El Salvador will get you a break (9)
 - Dislike of platform with no piano (5)
 - Carriage could mean a lot to Georgia (5)
 - Little rest with activity of teenager (9)
 - Meat swindlers? Could be hard to say (6-5)
 - Easily influenced by newspapers? (14)
 - Prohibit new steps taken to provide entertainment (4,5)
 - Old one to make use of back yard (5)
 - Cat in Scots river is very black (5)
 - A principle in music but not as Liam played (9)
 - Thin person making dispatch with pound enclosed (7)
 - Finish mice off, being prevalent in district (7)
 - Vegetable gets established and is current in Spain (6)
 - Horse running round writer, which is spicy (7)
 - Figure reportedly ruined attempt to get fish (9)
 - August sailor's draft initially (5,6)
 - Short cut glass cooking vessel (3)

- DOWN**
- A cat commonly retains name for being part of the crowd (5)
 - It's time man's let out of plant (7)
 - Old MP tucking into salad pack (8)
 - Only partly bad? (11)
 - Went by water with scheme to have day in marsh country (9)
 - Longs to get a wage and has a complaint (8)
 - Standard clever story (7)
 - Element illuminated one in sound of activity (7)
 - Universe's funny as background for sun (6)
 - Forest-tree is suffering from drought one day (5)
 - One Irish tune (3)

Salisbury's best all but ends Essex title hopes

Cricket

DEREK PRINGLE reports from Chelmsford
Sussex 363 and 417-8 dec
Essex 360 and 283
Sussex win by 137 runs

Another challenge for the title has been expunged in all but remote technicality, and Leicestershire will rest easier after Essex's failure to beat Sussex at home yesterday. Set 421 to win off a minimum of 71 overs, the home side fell apart in the middle, Ian Salisbury taking a career-best 8 for 75 as risks against the turning ball proved too costly to sustain.

For Essex, the disappointment will not be easy to swallow, particularly as another new dawn fades to grey. Although pedantic mathematical possibilities still exist - should Essex win their final match, and either pestilence or flood suddenly descend upon Grace Road - only Kent now realistically have the beating of the Midlands county, should this weekend's weather set fair.

Essex's run chase was a big ask in any language, let alone in the dropped catches that accompanied former glories. The pitch, so good for three days, yesterday began to help the

spinners. Apart from failing to win the toss and thereby take the last bowl on this slowly ending surface, Essex have little to admonish themselves over.

However, for Salisbury, who had confined himself almost solely to bowling around the wicket in the first innings, the

associated with those bamboozled by Shane Warne.

In the past, Essex have always been sustained over big last-innings totals by centuries from their batting grand master Graham Gooch. Although he began well, dispatching the seam of James Kirtley and Vasbert Drakes with the disdain of his youth, a misjudgment against Salisbury - a top-edged sweep - cost him his wicket.

It meant that Essex now relied upon Nasser Hussain and Law. Both began well, with Hussain cutting sweetly and Law plundering a six and two fours off Salisbury. Both, however, perished as the run rate began to climb, Law's cut prompting a collapse that saw Essex lose three wickets with the score on 167, including that of Ronnie Irani for a third-ball duck.

Only a Pyrrhic half-century by Robert Rollins prevented complete capitulation, as the draw and its extra three points were given little consideration.

In truth, Essex lost their chance by allowing Sussex to add 82 runs to their overnight score. Apart from a couple of umpting decisions that irked them, each run pricked as sharp as the seaxes on their sweaters. That pain is sure to haunt them should Leicestershire and Kent stumble in a few days' time.

TOP OF THE TABLE

Team	P	W	L	D	Net Run Rate	Points
Surrey	15	9	1	5	53.57	22
Kent	15	9	1	5	49.00	22
Essex	16	8	4	4	54.55	24

Remaining fixtures:

Leicestershire	19 Sept: Middlesex (h)
Surrey	19 Sept: Worcestershire (a)
Kent	19 Sept: Gloucestershire (a)
Essex	19 Sept: Glamorgan (a)

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